



Yukon

Yukon Public Accounts

2020-21



YUKON PUBLIC ACCOUNTS
for the year ended March 31, 2021



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Department of Finance

October 27, 2021

The Honourable Angélique Bernard
Commissioner of Yukon

I have the honour to submit herewith the Yukon Public Accounts for the fiscal year ended March 31, 2021.

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Sandy Silver
Minister of Finance

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YUKON PUBLIC ACCOUNTS

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PART ONE

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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GOVERNMENT OF YUKON
Consolidated Financial Statement Discussion and Analysis
for the year ended March 31, 2021

Introduction

The Yukon Public Accounts is a key element of the Government of Yukon's ("the Government") commitment to transparency and accountability in financial reporting. The purpose of the Financial Statement Discussion and Analysis is to expand upon and further explain information contained in the Consolidated Financial Statements, which are presented in Part Two of the Yukon Public Accounts. This is intended to assist readers in their analysis of the Yukon's fiscal health. To do this effectively, this report presents a highlights summary, comparative financial information and analysis, and a summary of risks and mitigation. The Yukon Public Accounts, produced annually, provides clarity and transparency for Yukoners by comparing the financial results for the 2020–21 fiscal year against the 2020-21 Main Estimates (Budget) and against the previous year's financial results as published in the 2019-20 Public Accounts. The Government is responsible for the accuracy, objectivity and integrity of this information. Responsibility for the preparation of this discussion and analysis rests with the Office of the Comptroller.

2020-21 Highlight Summary

Financial Results					
(thousands of dollars)					
	2021		2020	Change from	
	Budget	Actual	Actual	Budget	2020 Actual
Revenues	1,573,068	1,653,849	1,475,935	80,781	177,914
Expenses ¹	1,553,474	1,611,441	1,478,577	57,967	132,864
Surplus / (Deficit)	19,594	42,408	(2,642)	22,814	45,050
Accumulated Surplus	1,876,596	1,893,210	1,852,971	16,614	40,239
Net Financial Assets	164,759	182,745	171,888	17,986	10,857

¹ Expenses shown net of Recovery of Prior Years' Expenses

The Government is reporting an annual surplus of \$42.4 million on a spending and revenue base of approximately \$1.6 billion. The \$22.8 million difference between the \$42.4 million surplus and the expected \$19.6 million surplus presented in the 2020-21 budget is due to higher revenues (\$80.8 million, or 5.1%), and higher than anticipated expenses (\$58 million, or 3.7%). Revenues were higher than budgeted largely due to higher than expected transfers from the Government of Canada and somewhat higher tax revenue, offset to a degree by lower than expected funding and service level agreements with other parties. Expenses were higher than budgeted, and the function with the largest increase compared to the 2020-21 budget was health and social services.

The surplus of \$42.4 million is \$45.0 million higher than the \$2.6 million deficit in 2019-20. Total revenues compared to the previous year increased by \$177.9 million (12.1%), while total expenses increased by \$132.9 million (9.0%). The increases in revenue were driven by a \$171.4 million increase in funding from the Government of Canada. Over a third (35.0%) of the increase in expenses was in the health and social services function.

The Government continues to be in a net financial asset position and net financial assets increased during 2020-21 to a balance of \$182.7 million at March 31, 2021 (\$171.9 million at March 31, 2020).

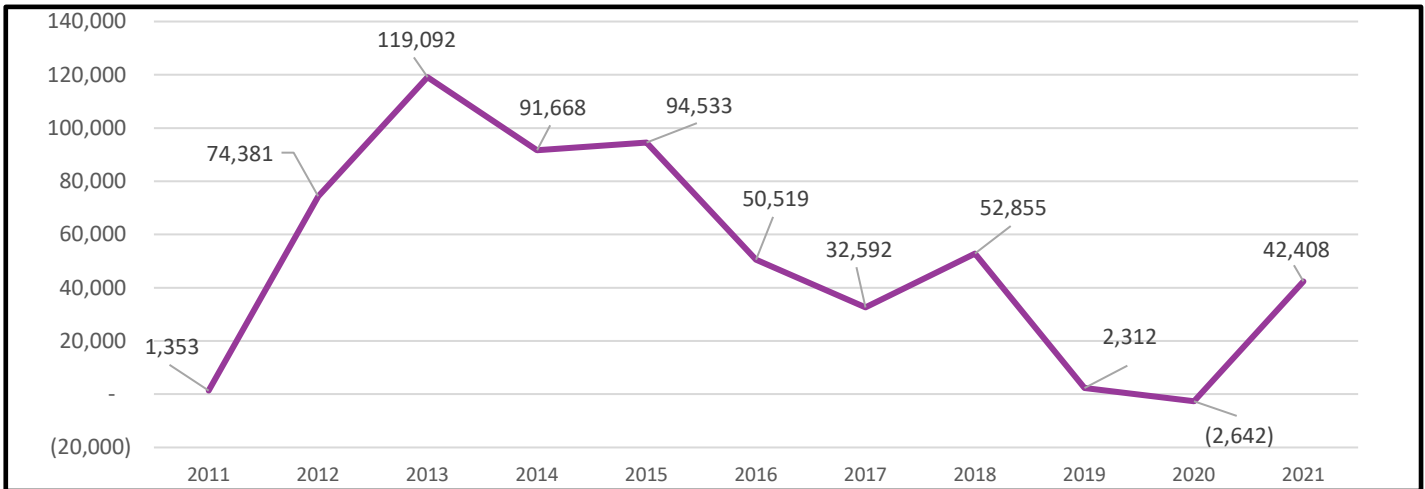
Highlights

Surplus (Deficit)

The surplus (deficit) represents the amount by which revenue exceeds expense (expense exceeds revenue) for the fiscal period.

Surplus (Deficit)

(thousands of dollars)

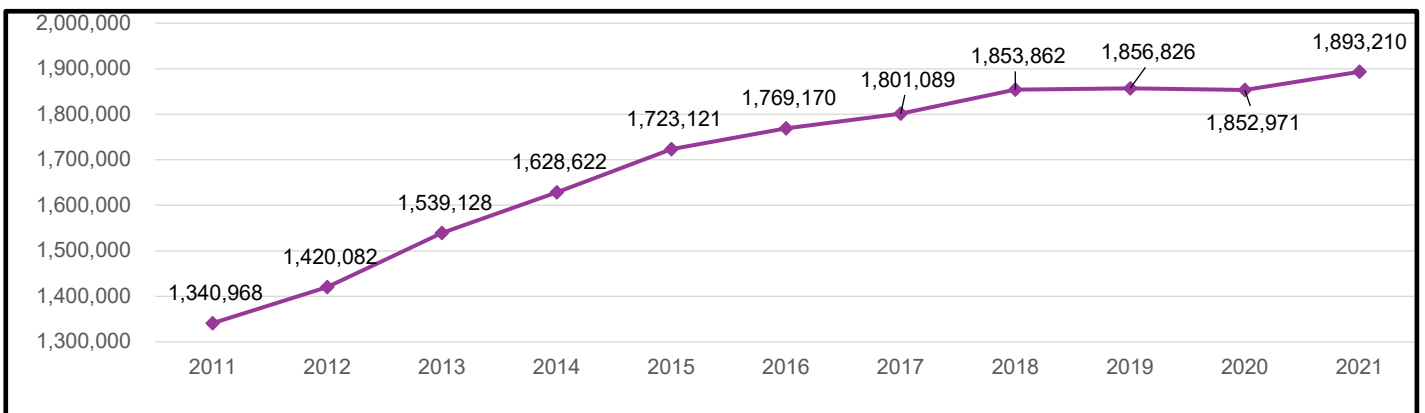


The surplus of \$42.4 million for the year was \$45.0 million higher than the previous year's deficit of \$2.6 million, and \$22.8 million higher than the budgeted surplus of \$19.6 million. A surplus is driven by two factors - revenues and expenses. Revenue is largely made up of the formula financing grant from the Government of Canada and tends to be stable over time. Expenses are a result of direct government spending and transfers to service territorial needs. Compared to 2019-20, the current year increase in surplus is largely due to significantly increased revenues in the form of transfers from the Government of Canada (many of which were COVID-19 related) offset to a degree by increased expenses, particularly in the health and social services function. Much of this expense increase was necessitated by the Government's response to pandemic needs, including health measures such as COVID-19 testing and the first weeks of vaccine rollout.

Accumulated Surplus

(thousands of dollars)

An accumulated surplus represents the government's reported net economic resources. An accumulated surplus indicates that a government has economic resources to provide future services.



As of March 31, 2021, the Government is reporting an accumulated surplus of \$1.893 billion which is an increase of \$40.2 million from the previous year's accumulated surplus of \$1.853 billion. The increase in accumulated surplus during 2020-21 is due to the current year's annual surplus of \$42.4 million, offset by losses of \$2.2 million related to other comprehensive loss of government business enterprises .

Highlights

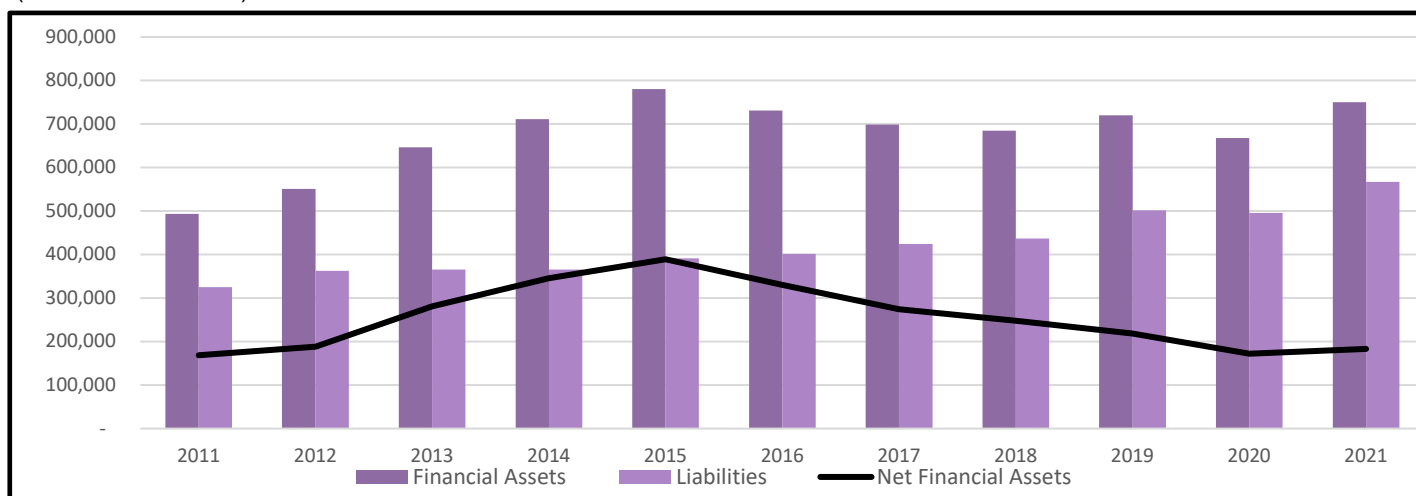
Accumulated Surplus consists of net financial assets and non-financial assets. Non-financial assets are predominately tangible capital assets. The strategy to invest in infrastructure has caused a shift in the composition of accumulated surplus; as over the past six years, net financial assets have declined or increased slower than the corresponding increase in the amount of tangible capital assets.

Net Financial Assets

Net financial assets represent the amount of financial resources that the Government has to finance future transactions.

Net Financial Assets

(thousands of dollars)



The net financial assets (or the net debt) of the Government is calculated as:

- The financial assets consisting of cash and cash equivalents, temporary and portfolio investments, due from Government of Canada, accounts receivable, advances to government business enterprises, loans receivable, inventories for resale, retirement benefit assets, and investment in government business enterprises; offset by
- The liabilities consisting of due to Government of Canada, accounts payable and accrued liabilities, environmental liabilities, unearned revenues, post-employment benefits and compensated absences, retirement benefit liabilities, borrowings and liabilities for leased tangible capital assets.

The net financial assets reported as of March 31, 2021 is \$182.7 million. The year-over-year increase is primarily a result of the increase in cash and cash equivalents and due from Government of Canada outstripping the increase in liabilities, and represents the first increase after five years of declines.

The table below provides more detailed information on the financial assets, liabilities, and the resulting net financial assets for each of the last ten years. While liabilities have increased steadily over the period, the financial assets have fluctuated, related primarily to the level of infrastructure spending.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Financial Assets	550,613	646,624	711,245	780,119	731,248	698,324	684,562	720,000	667,475	749,698
Liabilities	362,245	365,512	365,556	391,031	401,239	424,272	436,931	501,550	495,587	566,953
Net Financial Assets	188,368	281,112	345,689	389,088	330,009	274,052	247,631	218,450	171,888	182,745

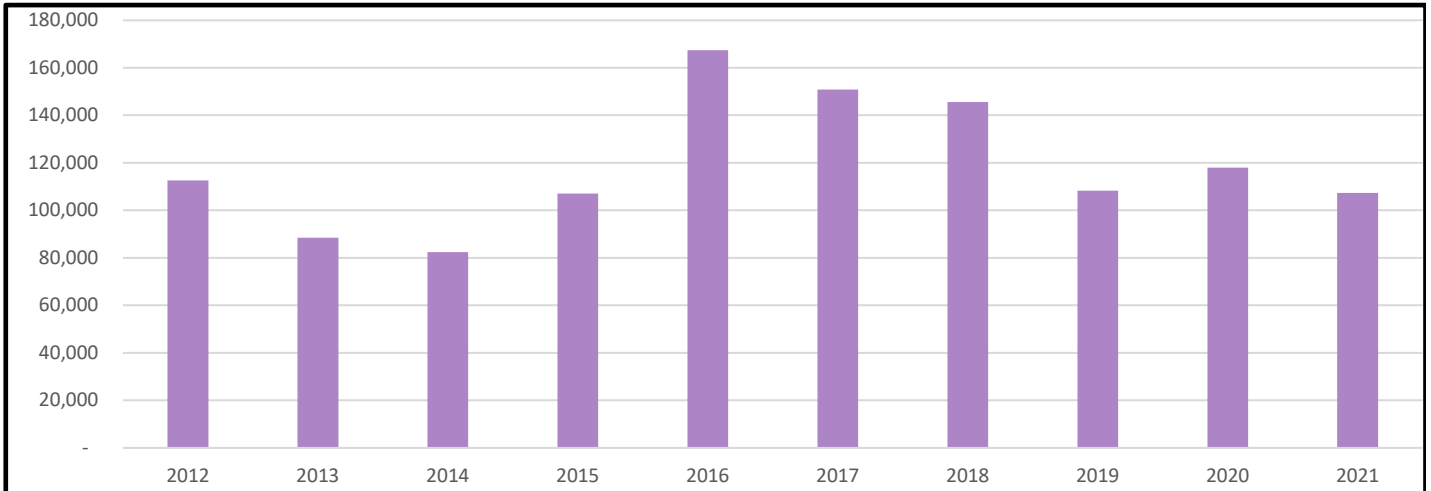
Highlights

Investment in Tangible Capital Assets

The Government invests in tangible capital assets.

Investment in Tangible Capital Assets

(thousands of dollars)



In 2020-21, the Government recorded tangible capital asset additions of \$107.3 million for the acquisition and development of assets such as buildings and transportation infrastructure, IT assets, equipment and vehicles, compared to \$118.0 million in 2019-20. In 2020-21, \$10.6 million was expended on the completion of the new Francophone high school (the entire project was completed at a cost of \$34.1 million). Other multi-year projects completed in 2020-21 include: \$4.9 million to complete the \$8.3 million Heavy Baggage System at the Whitehorse airport; \$1.2 million to finish the \$8.1 million Carmacks' Grader Station; \$1.1 million to complete the F.H. Collins Track and Field project (total \$8.1 million); and \$1.4 million to complete the \$2.4 million Stewart Crossing Living Complex. Also in 2020-21, the Government's construction work on various roads and highways cost over \$26.5 million, while bridge work on the Alaska, Klondike, and Robert Campbell highways cost in excess of \$11.7 million.

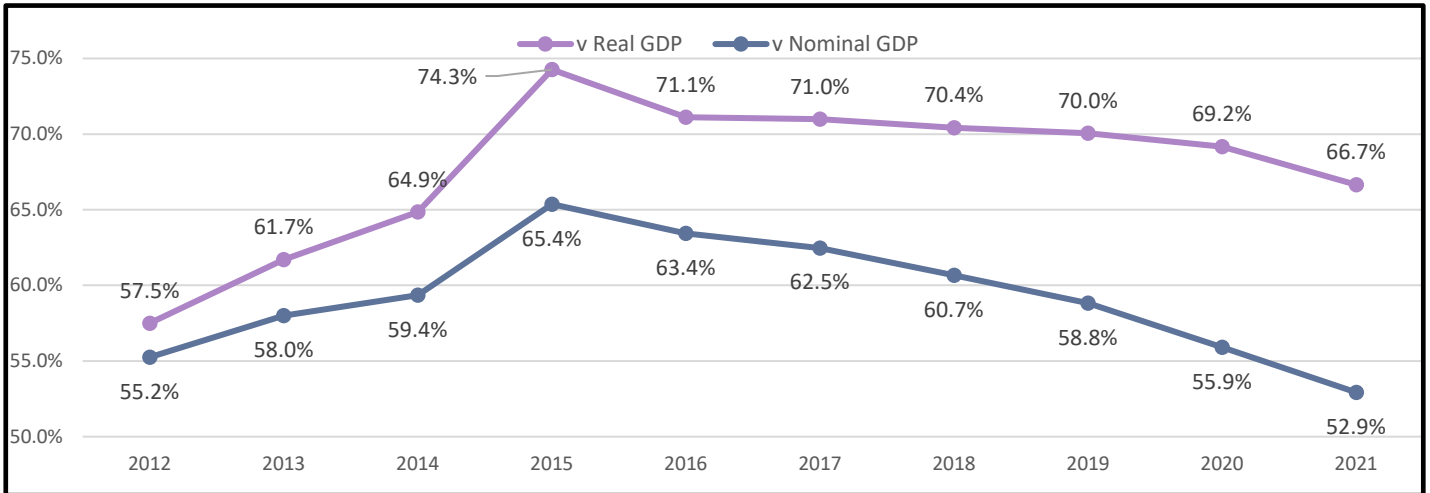
Assessment of Fiscal Health

Sustainability

Sustainability is a measure indicating the degree to which the Government can maintain its existing level of spending and meet its existing debt obligations.

Accumulated Surplus to the Territory's GDP

This graph compares the Government's accumulated surplus to the Yukon Territory's GDP as a percentage.



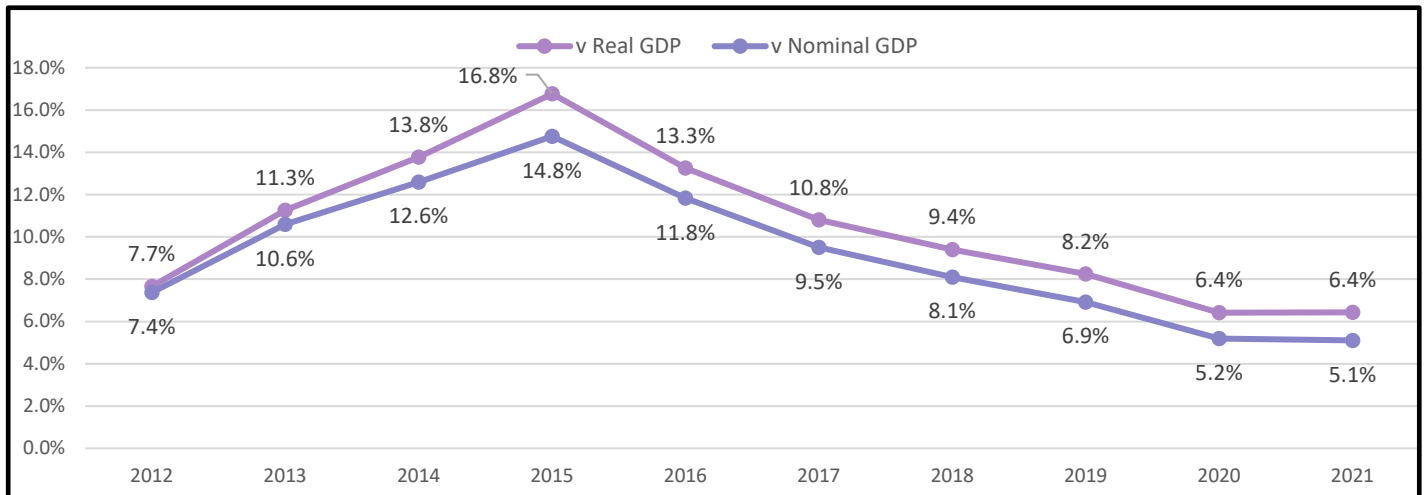
* Forecasted GDP: Nominal - 2020-\$3,315 million; 2021-\$3,577 million / Real - 2021-\$2,840

The accumulated surplus measures the sum of all current and prior years' operating results. Gross Domestic Product (GDP) is a measure of the value of the goods and services produced during a year, indicating the size of the Territory's economy. This indicator provides a measure of whether the accumulated surplus is growing faster or slower than the economy.

This trend highlights that the accumulated surplus, while still growing, is declining in relation to the Territory's GDP.

Net Financial Assets to the Territory's GDP

This graph compares the Government's net financial assets to the Yukon Territory's GDP as a percentage.



* Forecasted GDP: Nominal - 2020-\$3,315 million; 2021-\$3,577 million / Real - 2021-\$2,840

The net financial assets to GDP ratio indicates the financial demands placed on the economy by the Government's policies such as taxation. A low ratio indicates the Government has not placed excessive demands on the economy.

The downward trend implies there is room for the introduction of further revenue sources for the government without causing severe hardship in the economy.

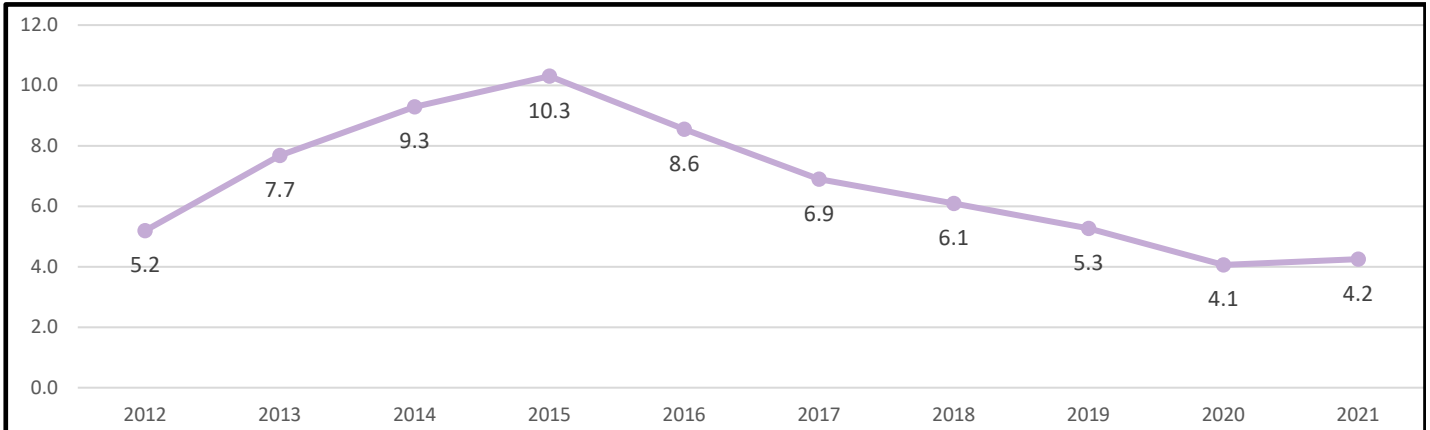
Assessment of Fiscal Health

Sustainability (continued)

Net Financial Assets per Capita

(thousands of dollars)

Net financial assets per capita represents the net financial assets applicable to each Yukon resident.



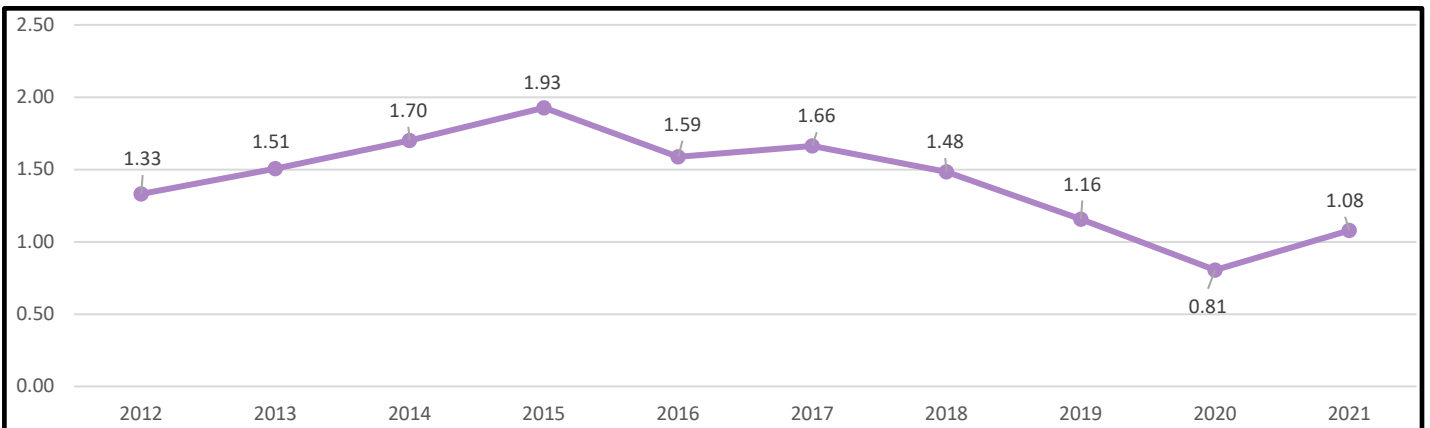
* Forecast 2021 population data

This ratio indicates that the Government's financial resources per resident have increased in 2020-21 following a number of years of declines.

Liquidity Ratio - Current Assets to Total Debt

(dollars)

In this graph, current assets consists of cash and cash equivalents, temporary investments, due from Government of Canada and accounts receivable. The total debt is as defined in Note 17 to the Consolidated Financial Statements using the Yukon Borrowing Limits Regulations which includes debt of all entities of the government.



Liquidity ratio is intended to show the Government's ability to meet its financial obligations. A higher ratio is desirable as it shows that the Government has sufficient financial resources to discharge its long term obligations without having to use further financing. The 2020-21 ratio indicates that the Government had \$1.08 in current assets for each \$1.00 of total debt.

On March 31, 2021, as per Note 17 to the Consolidated Financial Statements; the government has total debt of \$235.2 million (2020 - \$228.4 million) which is 29.4% (2020 - 57.1%) of the limit allowed at that time. On September 20, 2020, the Government of Canada passed Order in Council #2020-0663 which raised the borrowing limit to \$800 million from the previous \$400 million.

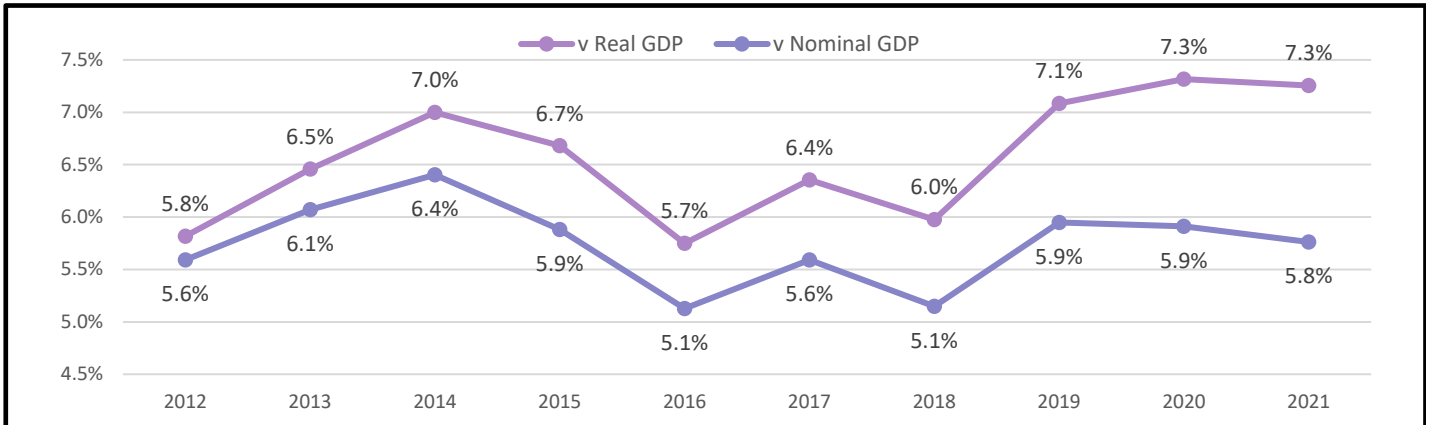
Assessment of Fiscal Health

Flexibility

Flexibility is a measure indicating the room that the Government has to maintain its services by increasing its demands on the economy through changes to fees or taxes.

Own-Source Revenue to the Territory's GDP

In this graph, own-source revenue refers to the Government's taxes and general revenue and is compared against the Yukon Territory's GDP.



* Forecasted GDP: Nominal - 2020-\$3,315 million; 2021-\$3,577 million / Real - 2021-\$2,840

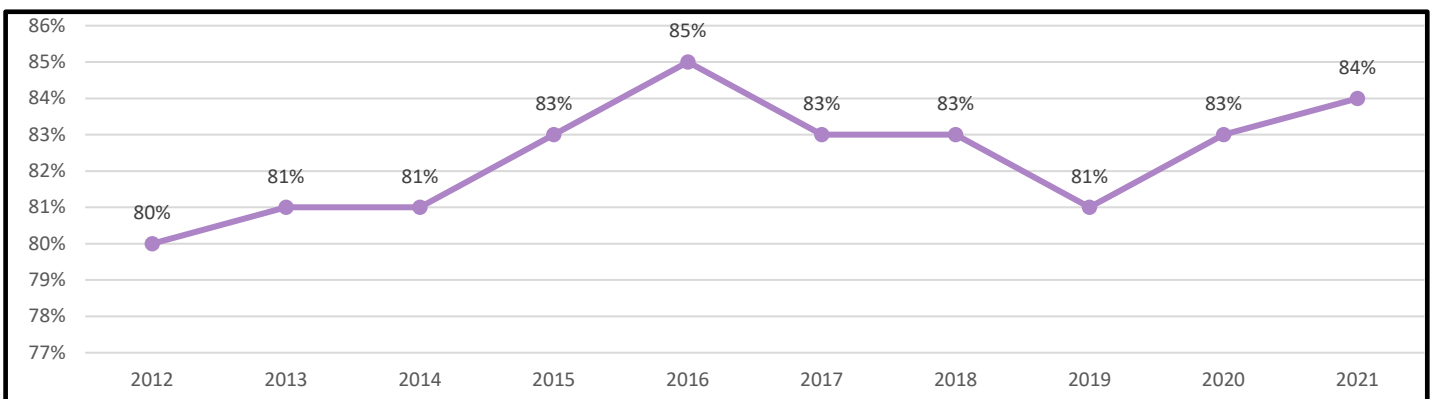
This ratio indicates to what extent the Government is taking economic resources out of the territory's economy through user fees or taxation. This ratio is relatively constant over time indicating that the Government has not changed its demands on the economy. The ratio is also relatively low compared to other Canadian jurisdictions and indicates that the Government has some flexibility in increasing taxes and other fees without causing a severe impact on the economy.

Vulnerability

Vulnerability is the extent to which the Government is exposed to a risk associated with revenue sources that are outside of its control.

Transfers from the Federal Government to Total Revenue

In this graph, transfers from the Government of Canada include the formula financing grant, other grants such as Canada health, Canada social and cannabis transfers and contributions and service agreements with the Government of Canada.



In 2020-21, the Government received 84% of its revenue from the Government of Canada which was within the range of 80% to 85% that has occurred over the past decade. This ratio is consistently high, indicating a reliance on the federal government to finance the Government's activities. While the Government has little control over these transfers which poses a risk, it also represents a relatively stable source of revenue from the Government of Canada, a senior level of government.

Indicators of Financial and Economic Conditions

Credit Ratings - September 2021*

Jurisdiction	Rating Agency Standard & Poor's
Yukon	AA
British Columbia	AAA(neg)
Alberta	A+(neg)
Saskatchewan	AA
Manitoba	A+
Ontario	A+
Quebec	AA-
New Brunswick	A+
Nova Scotia	AA-
Prince Edward Island	A
Newfoundland & Labrador	A(neg)

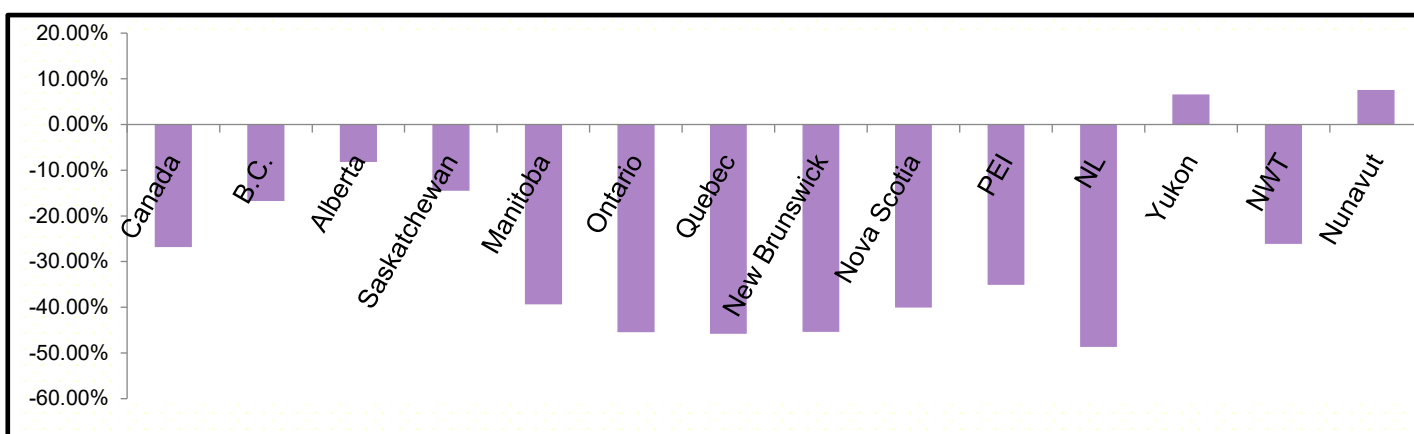
*Provincial Ratings as per Government of Nova Scotia Public Accounts 2020-21

On July 29, 2021, Standard & Poor's Rating Services affirmed its 'AA' long-term issuer credit rating of Yukon Territory. In its S&P Global Ratings summary, the rating agency states its expectation that "the revenue and expenditure impacts stemming from the pandemic-related restrictions will be largely temporary" and that in the next two years, the Territory "will maintain a relatively stable fiscal performance." The rating agency also stated that the Yukon's "liquidity will remain substantial", "the debt burden will remain very low", and "debt policy remains prudent".

Canadian Jurisdictional Comparison of Net Financial Assets (Net Debt) to Gross Domestic Product (GDP)

The bar graph below shows a Canadian jurisdictional comparison of net financial assets (net debt) to GDP ratio. Yukon and Nunavut are the only jurisdictions that have a positive ratio. A positive ratio indicates net financial resources available to finance future operations and obligations. A negative ratio indicates that the government must rely on future revenues to discharge existing liabilities.

Federal/Provincial/Territorial Governments Net Financial Assets (Debt) to GDP ratio, Calendar Year 2019



Statistics Canada. Table 379-0030 - Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories, annual (dollars)

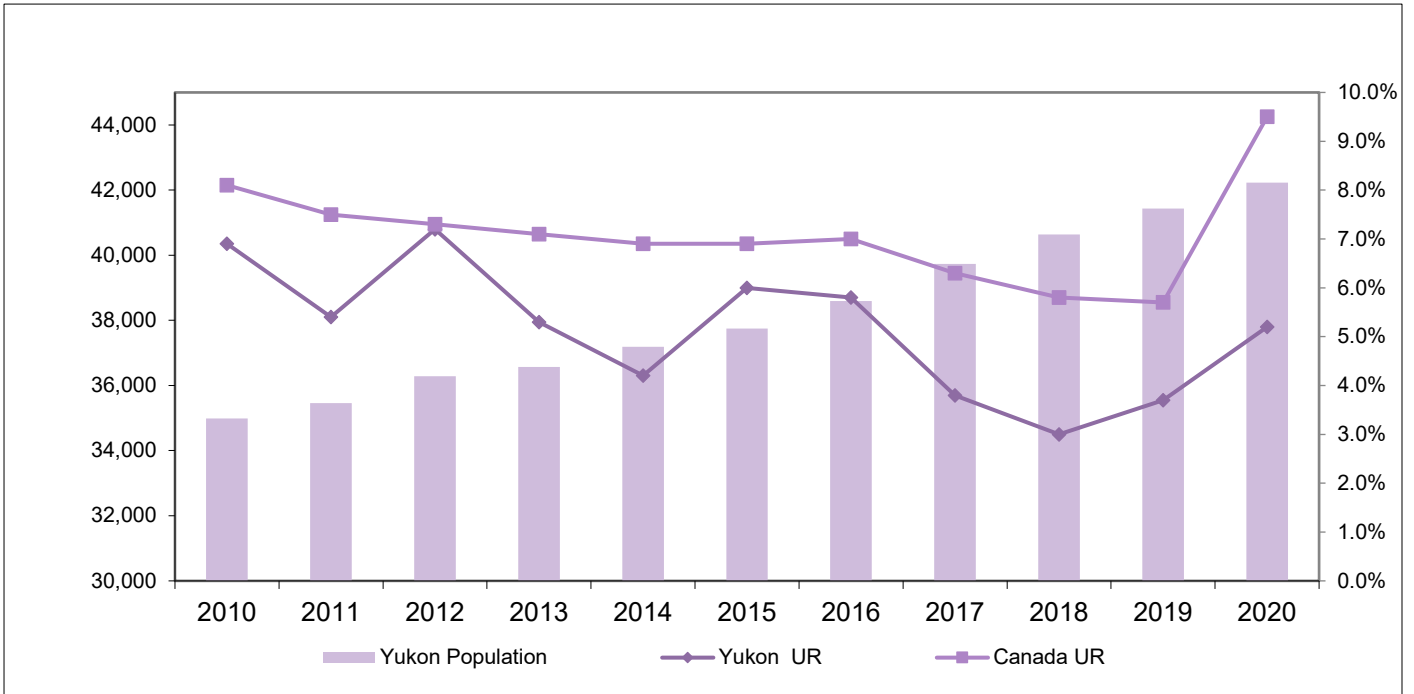
Indicators of Financial and Economic Conditions

Population and Unemployment rate (Calendar Year 2020)

With growth in 2020, Yukon's population has posted gains for 17 consecutive years. In 2020, total population exceeded 42,000 for the first time.

Yukon's unemployment rate (UR) averaged 5.2% in 2020 which was below the national average of 9.5%; both of which reflected the impact of COVID-19. As noted in the chart below, over the ten years in question, Yukon's unemployment rate has consistently been below the Canadian average.

Population and Unemployment Rate



Details

Surplus (deficit) for the year

The Government's annual surplus or deficit resulting from its operations is dependent on various factors. Two of the most significant factors are:

- total revenues, of which the formula financing grant from the Government of Canada makes up the largest share; and
- direct Government spending and operating transfers to individuals and other public organizations, such as municipalities.

The surplus of \$42.4 million for the year was an increase of \$45.0 million from the previous year's deficit of \$2.6 million and \$22.8 million higher than the budgeted surplus of \$19.6 million. Revenues increased by \$177.9 million from the previous year's actual and were \$80.8 million higher than budgeted. Expenses (net of prior years' expense recoveries) of \$1.611 billion for the year were higher than the initially budgeted amount of \$1.553 billion.

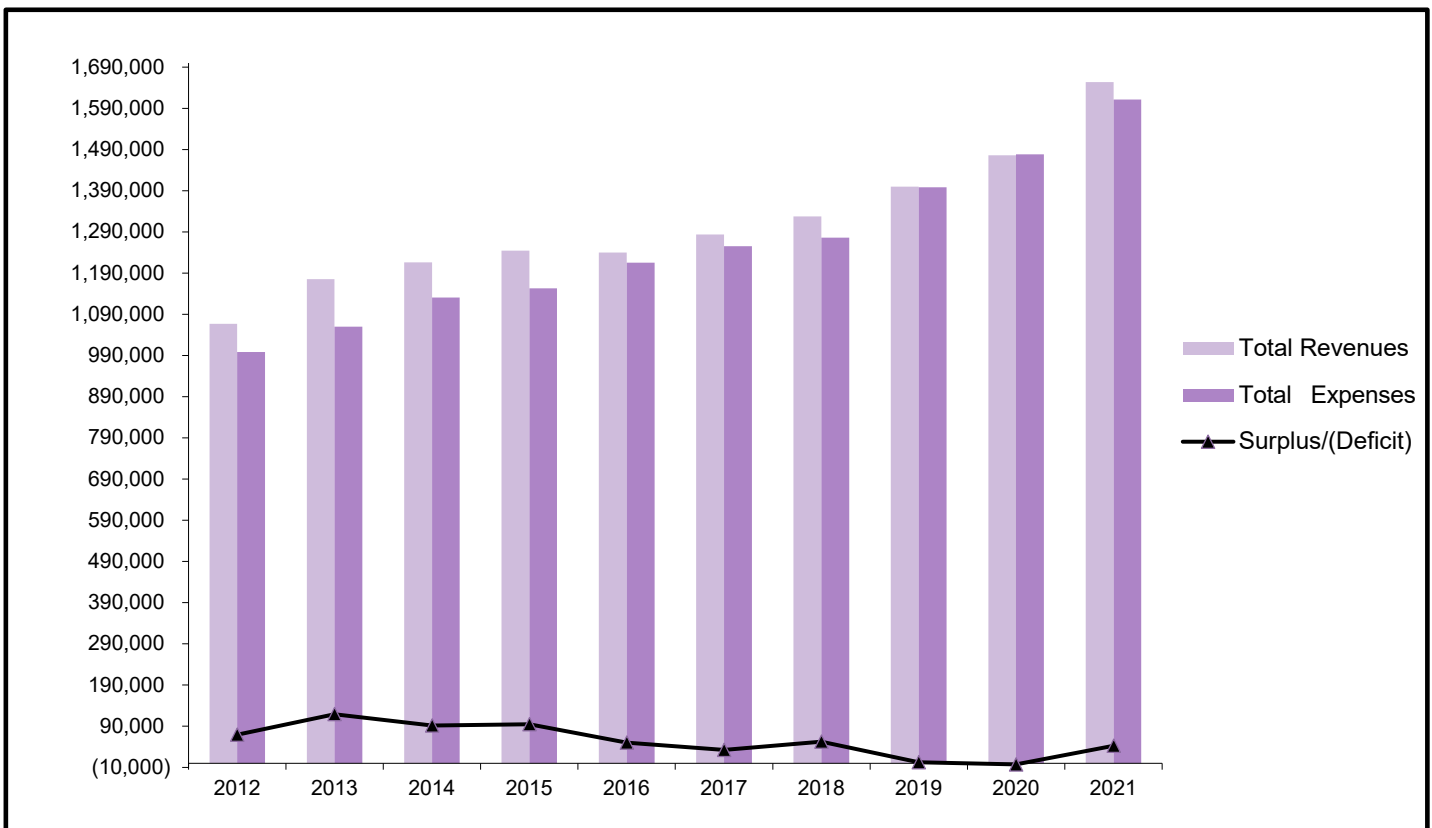
Major revenue variances between the current and prior year include a \$87.1 million (139.7%) increase in other grants (due mainly to COVID-19 funding), \$57.6 million (5.8%) increase in the formula financing grant and a \$26.8 million (16.2%) increase in contributions and service agreements revenues from the Government of Canada. Funding and service agreements with other parties decreased by \$16.2 million (33.0%) from the previous year.

Expenses increased year-over-year by \$132.4 million (8.9%) with expenditures for health and social services contributing \$46.6 million (35.2%) of the increase. Natural resources was the only sector not to have an increase in expenditures, while general government, community and transportation and business, tourism and culture had significant increases from prior year expenditures.

The chart below illustrates the trend between revenues and expenses over the last ten years. The amounts are taken directly from the respective year's Public Accounts, without reflecting restatements or other changes in accounting policies over the years presented.

Revenues and expenses

(thousands of dollars)



Details

Carbon Price Rebate Program

The Parliament of Canada passed the *Greenhouse Gas Pollution Pricing Act* (Canada) in 2018. In response to this, the Yukon Legislature passed the *Yukon Government Carbon Price Rebate Act* (Yukon), which outlines how the government will rebate all amounts received from the Government of Canada for greenhouse gas pollution pricing. The intent of this Act is to ensure that all carbon levy funds received are treated as pass-through funding to Yukoners with no funds being retained by the Government and there being no impact on its surplus (deficit).

The *Yukon Government Carbon Price Rebate Act* (Yukon) created a restricted fund. The purposes of the Carbon Price Rebate Revolving Fund are the payment or crediting, on a revenue neutral basis and in accordance with this Act and the *Income Tax Act*, of amounts, on account of certain amounts that the Government receives from the Government of Canada under the federal Act. There are four main eligible groups: businesses, individuals, municipal governments and Yukon First Nation governments. During fiscal 2019-20, the first amounts were received from the Government of Canada and shortly thereafter rebates began to be distributed.

The following is a summary of each year's activity and the status of the revolving fund as of March 31, 2021.

Revolving Fund Balance

(thousands of dollars)

	Cumulative to March 31, 2021	2020-21	2019-20
Opening Liability	-	2,783	-
Carbon amounts received from the Government of Canada			
BUSINESS ALLOCATION	8,430	6,210	2,220
INDIVIDUALS ALLOCATION	7,438	5,479	1,959
MUNICIPAL GOVERNMENTS ALLOCATION	496	365	131
FIRST NATIONS GOVT'S ALLOCATION	166	122	44
Subtotals	<u>16,530</u>	<u>12,176</u>	<u>4,354</u>
Rebates distributed to eligible groups			
BUSINESS	1,098	980	118
INDIVIDUALS	8,216	6,807	1,409
MUNICIPAL GOVERNMENTS	131	131	-
FIRST NATIONS GOVERNMENTS	166	122	44
Subtotals	<u>9,611</u>	<u>8,040</u>	<u>1,571</u>
Closing Liability	<u>6,919</u>	<u>6,919</u>	<u>2,783</u>
Liability by eligible group			
BUSINESS ALLOCATION	7,332	5,230	2,102
INDIVIDUALS ALLOCATION	(778)	(1,328)	550
MUNICIPAL GOVERNMENTS ALLOCATION	365	234	131
FIRST NATIONS GOVT'S ALLOCATION	-	-	-
Annual Net Activity	<u> </u>	<u>4,136</u>	<u>2,783</u>
Total Liability	<u>6,919</u>	<u> </u>	<u> </u>
	-		

Details

Impact of COVID-19

While the global pandemic had a very limited effect on the Government's Consolidated Financial Statements for 2019-20, it had a significant and prolonged impact on both the revenue and expense pictures for the Government for 2020-21.

In terms of revenue, the impact of COVID-19 was primarily one of reduced income tax revenue, due to lower overall income for individuals and business, and reduced tourism-based revenue, such as fuel tax.

The Government was quick to respond to the effects of the global pandemic, mobilizing existing and new resources for health care and public health responses, emergency management and coordination, and economic relief measures for individuals and businesses. These relief measures, many of which involved supporting recoveries from the federal government, included:

- Paid Sick Leave Rebates
- Income Support for Essential Workers
- Rent Assist Program
- Yukon Business Relief Program
- Tourism Accommodation Sector Supplements
- Tourism Non-accommodation Sector Supplements
- Yukon Regional Relief Loan Program
- K-12 Financial Relief for Families
- Enhanced Yukon Mineral Exploration Program and Relief from Annual Mining Assessment
- Support to Aviation Companies
- Event Cancellation Funding
- Enhanced Tourism Marketing Cooperative Fund
- Enhanced arts and artists' funding
- Tourism and Culture Non-profits Fund
- WCB Premium Supports
- Support for Liquor Licences

Details

Revenues

In 2020-21, the Government's total revenues increased compared to the previous year by \$177.9 million (12.1%) to \$1.654 billion (details provided in Schedule A to the Consolidated Financial Statements).

The Government receives the majority of its revenues from the Government of Canada through the formula financing grant, the Canada Health Transfer and the Canada Social Transfer. In 2020-21, the Government received \$1,055.0 million from the formula financing grant, an increase of \$57.6 million (5.8%) from the previous year. The Canada Health Transfer was \$47.0 million and the Canada Social Transfer was \$16.9 million. These transfers increased from the previous year by a total of \$3.9 million (6.7%). The Government received \$70.3 million in COVID-19 funding, as well as \$14.9 million of carbon levies, from the Government of Canada.

In addition the Government receives funding from the Government of Canada for purposes such as health and social programs and education, as well as funding for infrastructure development. Contributions and service agreements from Canada increased from the previous year by \$26.8 million (16.2%).

Taxes and general revenues include taxes on corporate income, personal income, tobacco, liquor, fuel, insurance premiums and property as well as licenses and fees such as motor vehicle licenses and business/professional fees. Taxes and general revenues increased from the previous year by \$10.1 million (5.2%) to \$206.1 million. This was largely due to a \$16.7 million increase in revenue from the sale of land and a \$6.4 million increase in licences, permits and fees offset by decreases in most of the other categories of taxes and general revenues.

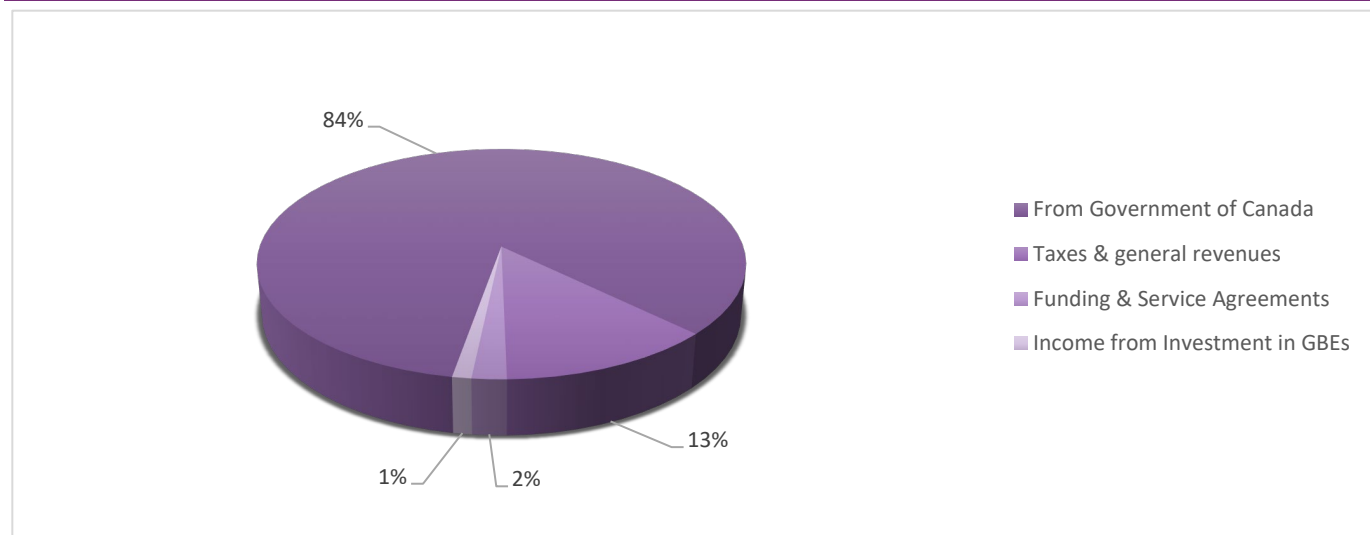
Funding and service agreements with other parties decreased from the previous year by \$16.2 million (33.0%) to \$32.9 million.

The income from investment in government business enterprises reported as revenue in the financial statements represents the surpluses of government corporations that are categorized as government business enterprises ("GBE"). GBEs include the Yukon Liquor Corporation ("YLC") and the Yukon Development Corporation ("YDC"), which includes the Yukon Energy Corporation in its results. Income from YLC was \$8.2 million while the income from YDC was \$9.9 million.

Revenues were higher than budgeted by \$80.8 million. This was primarily due to higher revenues from the Government of Canada, taxes and general revenues and income from investment in GBEs offset by lower revenues from funding and service agreements with other parties.

In 2020-21, the composition between different types of revenue remained consistent with previous years.

Revenue by source

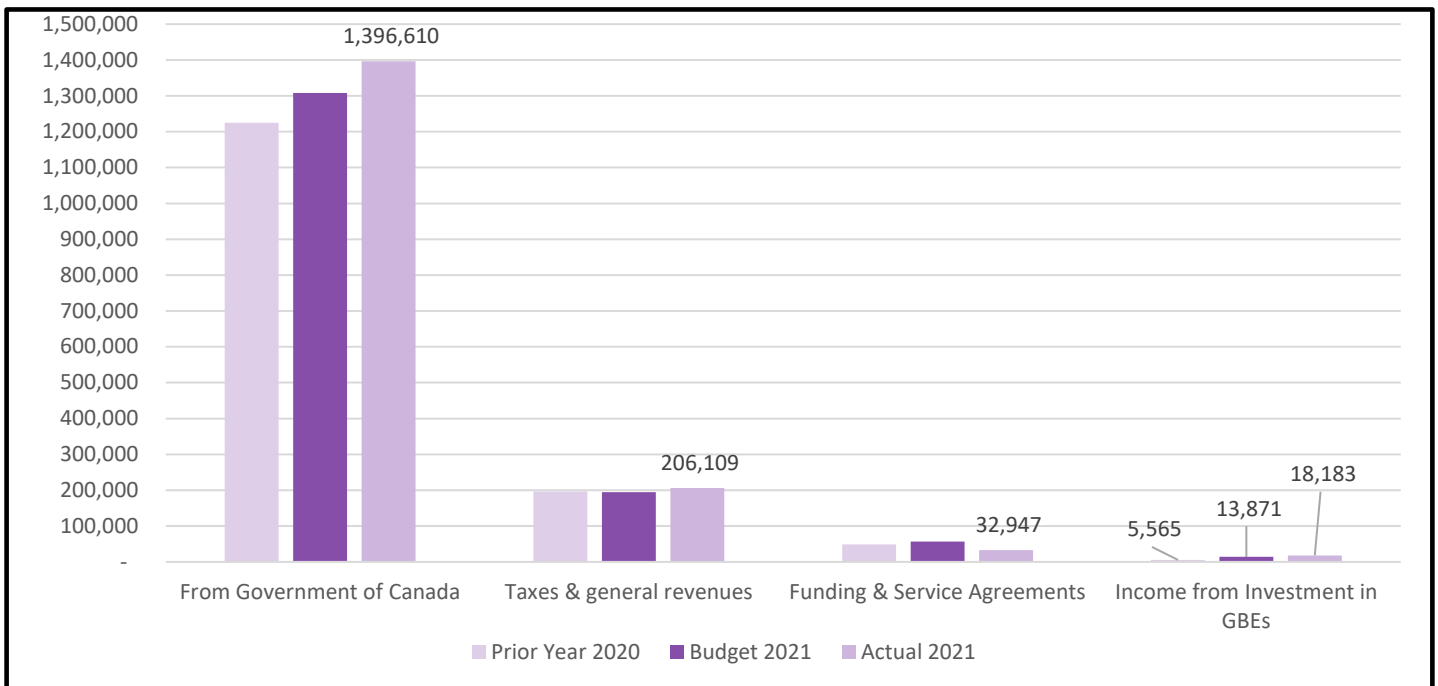


Details

Revenues continued

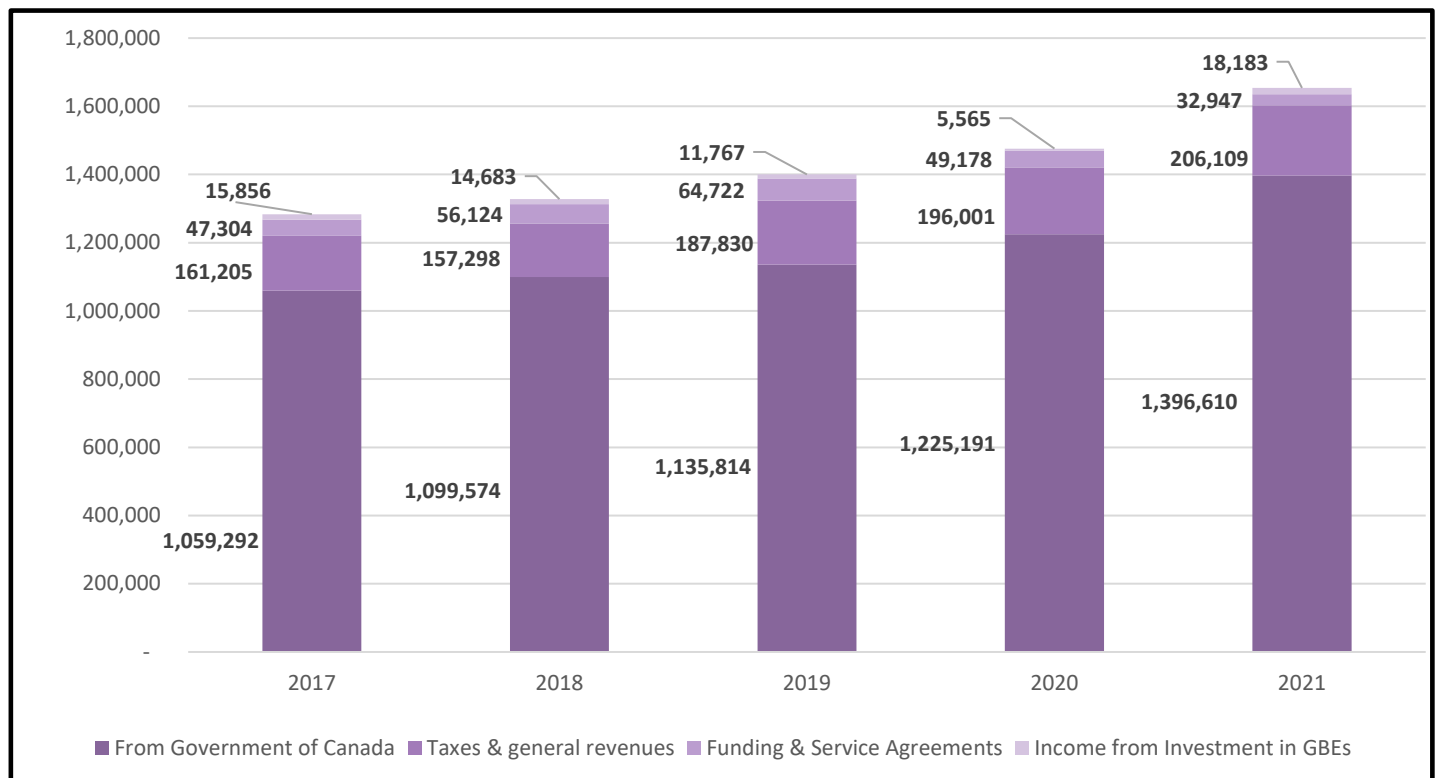
Revenue by source - comparison to budget and prior year

(thousands of dollars)



Revenue by source five year trend comparison

(thousands of dollars)



Details

Expenses

In 2020-21, the Government's expenses increased compared to the previous year by \$132.4 million (8.9%) to \$1.613 billion (details provided in Schedule B to the Consolidated Financial Statements).

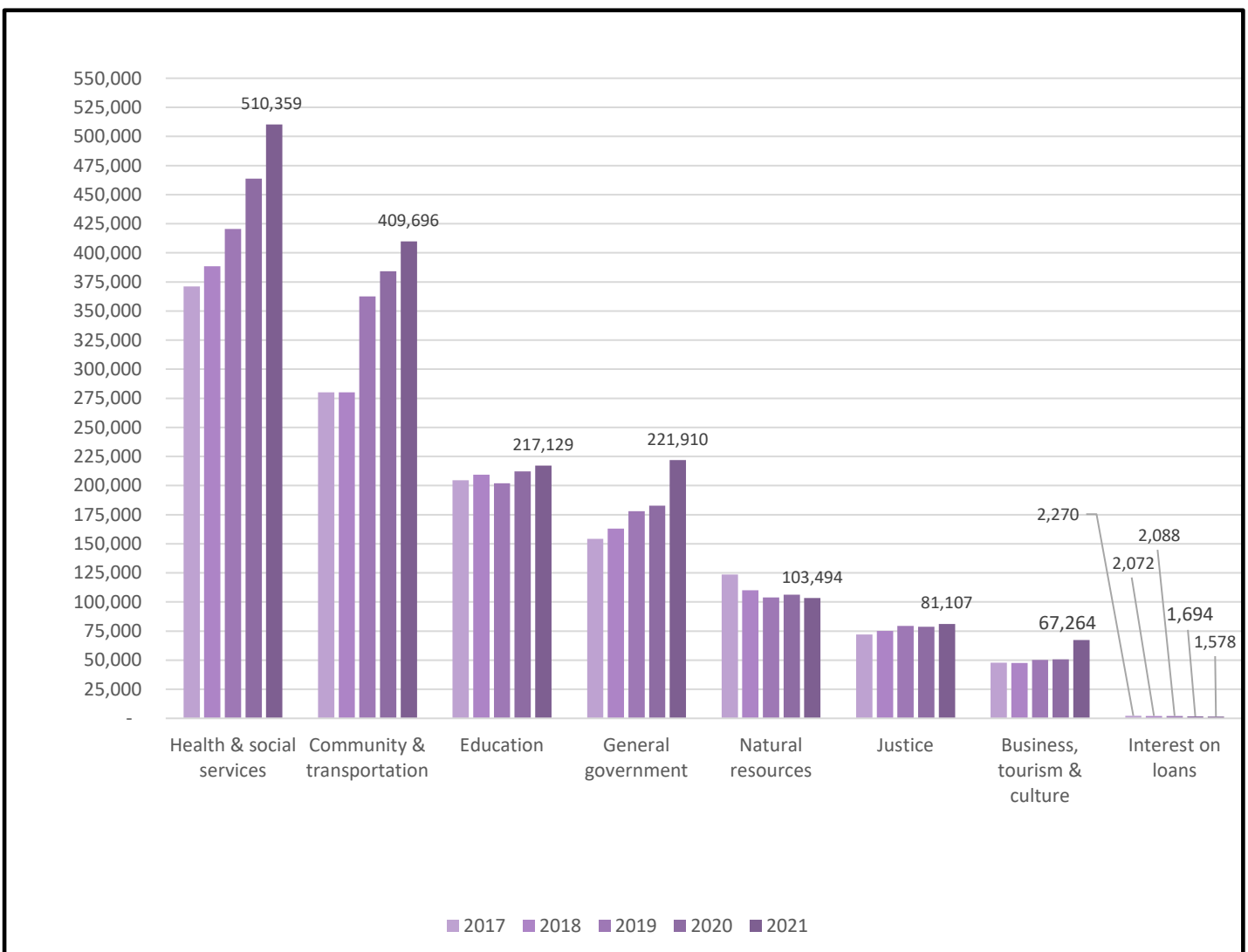
All functions had 2020-21 expenses that exceeded the previous year's expenses except for natural resources. The largest increase was in the health and social services function, with an increase of \$46.6 million (10.0%), followed by a \$39.1 million (21.4%) increase in general government, a \$25.6 million (6.7%) increase in community and transportation and a \$16.6 million (32.8%) increase in business, tourism and culture while natural resources decreased by \$2.8 million (2.7%).

As for the type of expenses (as detailed in Note 21 to the Consolidated Financial Statements), the highest percentage was for wages and benefits (42.9%), followed by government transfer payments (22.2%), contract and special services (15.0%), materials, supplies and utilities (8.9%) and amortization expenses (5.0%).

In 2020-21, the ratio of expenses by function remained consistent with the previous year, with health and social services, community and transportation, and education comprising 70.5% of total expenses (71.6% in 2019-20).

Expenses by function five year trend comparison

(thousands of dollars)

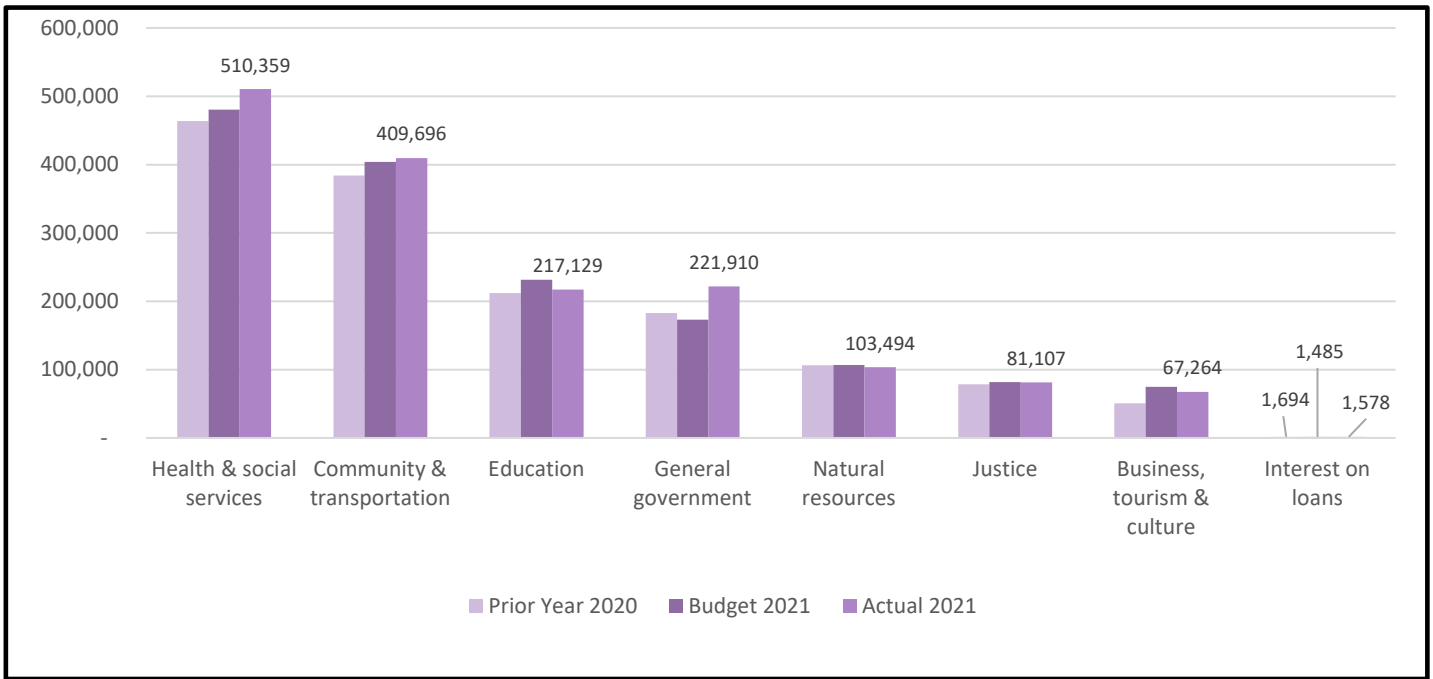


Details

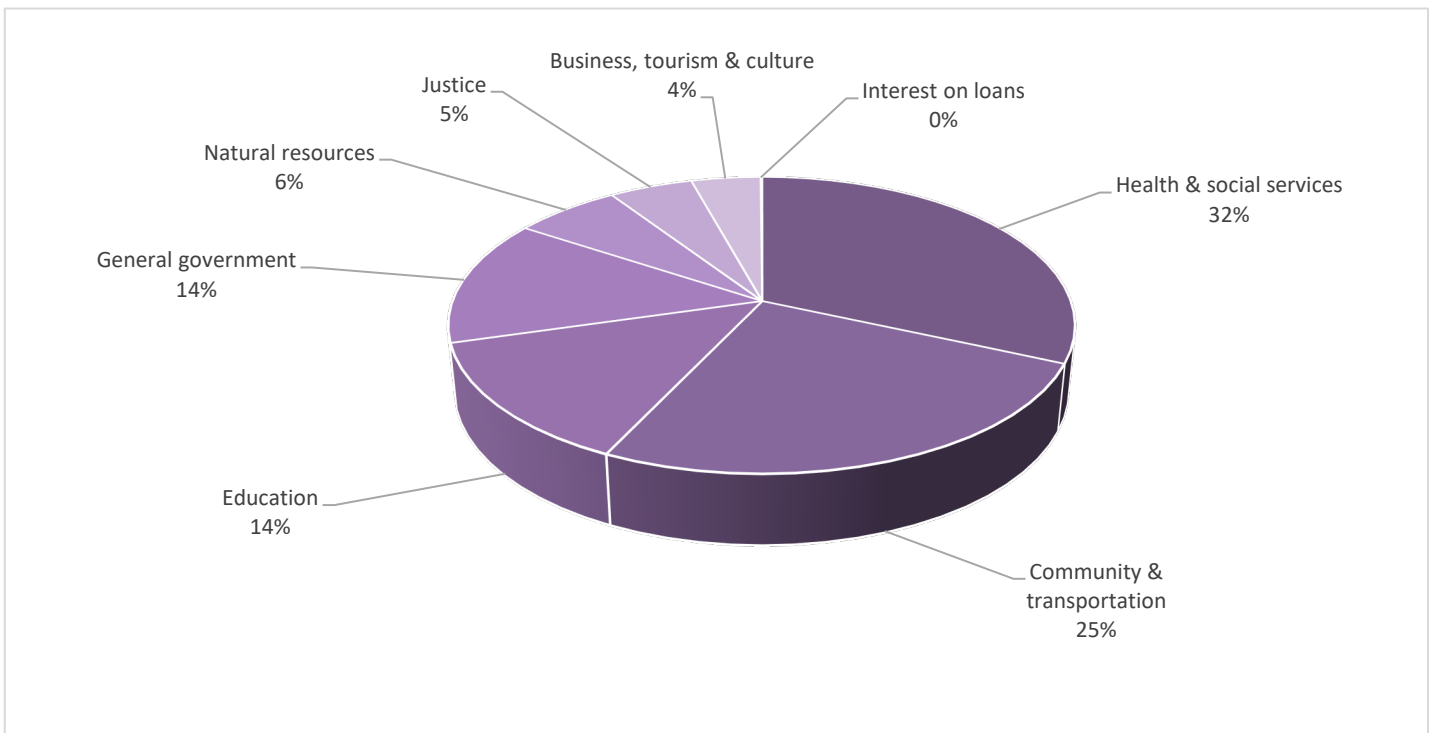
Expenses continued

Expenses by function comparison

(thousands of dollars)



Expense by function



Details

Net Financial Assets and Accumulated Surplus

At March 31, 2021, the Government's financial assets exceeded its liabilities, resulting in net financial assets of \$182.7 million (\$171.9 million at March 31, 2020). This important indicator shows that the Government has financial assets on hand to finance future operations.

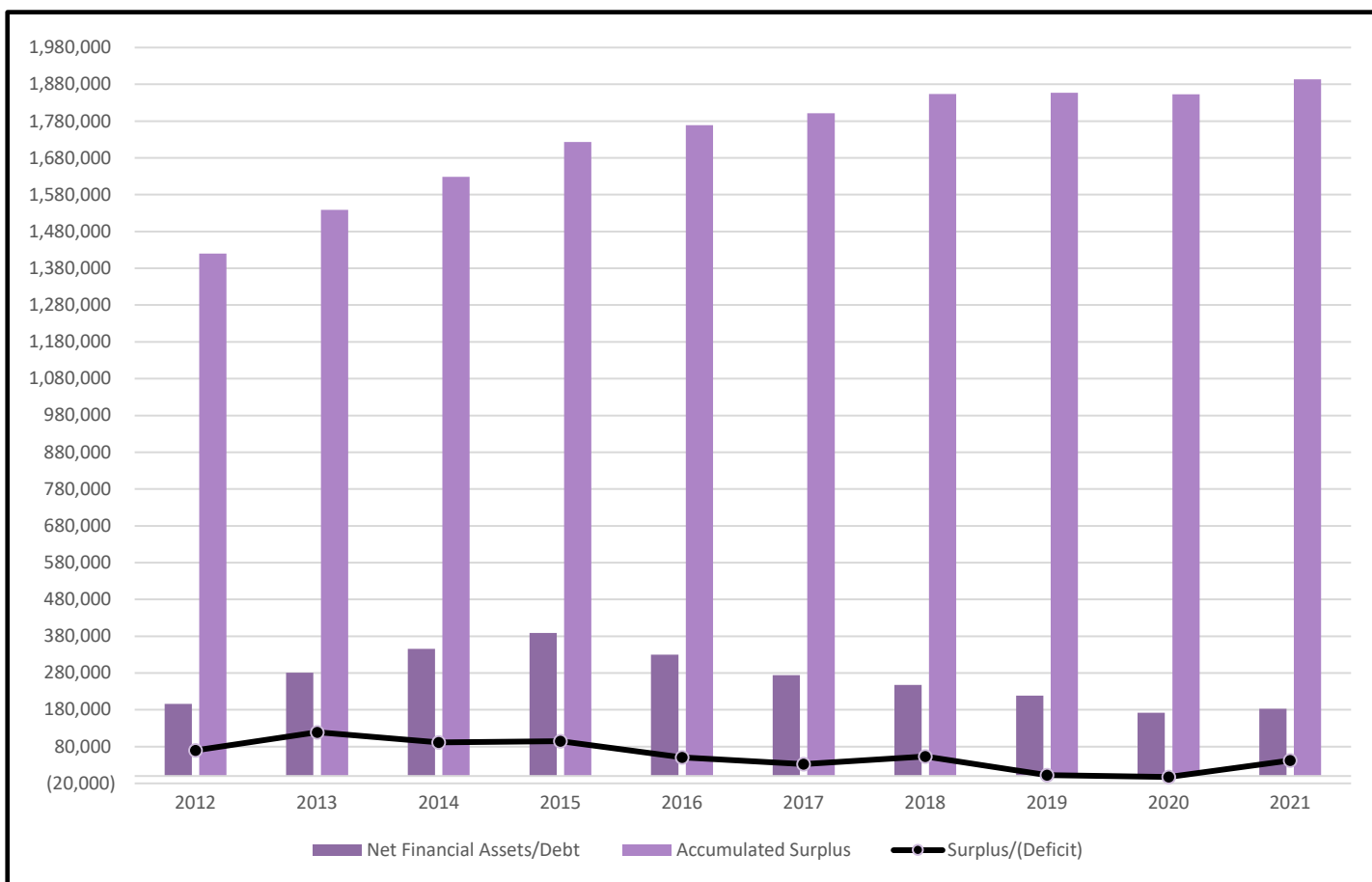
The Government's net financial assets increased by \$10.8 million in 2020-21. This increase was due to the increase of \$82.2 million in financial assets offset by the increase in liabilities of \$71.4 million. The increases in due from Government of Canada of \$58.4 million, cash and cash equivalents of \$22.4 million and loans receivable of \$17.5 million with the offsetting decrease of \$13.8 million in inventories for resale are the largest changes.

The Government's liabilities increase was largely due to the increase of \$36.8 million in accounts payable and accrued liabilities, \$12.5 million in due to Government of Canada and \$11.5 million in unearned revenues.

Accumulated surplus consists of net financial assets and non-financial assets such as tangible capital assets. The accumulated surplus of the Government at March 31, 2021 was \$1.893 billion (\$1.853 billion at March 31, 2020). The \$10.8 million increase in net financial assets and the \$29.4 million increase in non-financial assets result in the \$40.2 million increase in accumulated surplus.

Net Financial Assets, Accumulated Surplus and Surplus (Deficit)

(thousands of dollars)



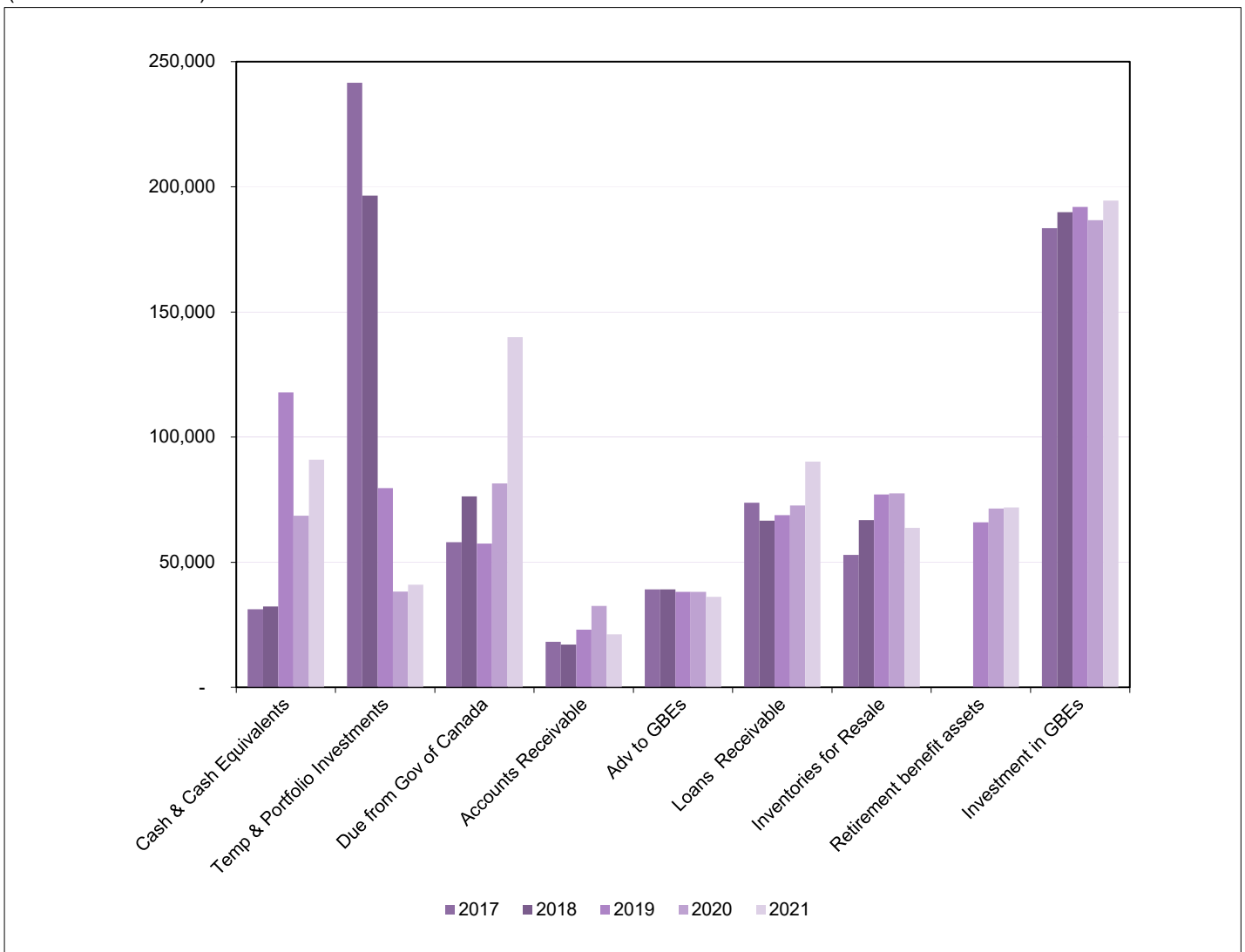
Details

Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to fund future activities. At March 31, 2021, the value of total financial assets was \$749.7 million, which is an increase of \$82.2 million from the previous year. Within financial assets, cash and cash equivalents increased by \$22.4 million from the previous year while due from the Government of Canada increased by \$58.4 million, accounts receivable decreased by \$11.4 million and loans receivable increased by \$17.5 million. In 2020-21, cash and cash equivalents and temporary investments accounted for \$92.6 million, or 12.4% of the total financial assets compared with 2019-20 when they accounted for \$69.8 million or 10.4%.

Financial Assets by type

(thousands of dollars)



(Note: In 2018-19 the Government reclassified its retirement benefit plans to present Retirement benefit assets and Retirement benefit liabilities separately).

Details

Financial Assets (continued)

Major categories of the Government's financial assets are described below.

Cash and cash equivalents

Cash and cash equivalents are bank balances, short-term investments that mature less than 90 days from the date of purchase and cash on hand.

At March 31, 2021, the Government held \$91.0 million in cash and cash equivalents, which is an increase of \$22.4 million from the previous year.

Temporary investments

Temporary investments include treasury bills, GICs, term deposits, and funds that include short-term debt securities of Canadian governments and corporate issuers with terms to maturity of 90 days or more but one year or less from the date of acquisition. At March 31, 2021, the Government held \$1.6 million in temporary investments compared to \$1.3 million the previous year.

Due from Government of Canada

At March 31, 2021, the Government had receivables from the Government of Canada in the amount of \$139.9 million, most of which were outstanding claims on cost-sharing agreements and projects delivered on behalf of the federal government. This was an increase of \$58.4 million from the prior year.

Accounts receivable

Accounts receivable decreased to \$21.2 million at March 31, 2021 from \$32.6 million at March 31, 2020.

Portfolio investments

Portfolio investments are investments that are expected to be realized or have terms to maturity of greater than one year from the date of acquisition. Portfolio investments include floating rate notes and funds that include bonds and equities. As at March 31, 2021, the Government held \$39.4 million in portfolio investments compared to \$37.0 million in the previous year.

As of March 31, 2021, \$34.6 million of the portfolio investments were specifically designated (\$32.9 million at March 31, 2020) in order to meet obligations under Part 3 (Supplemental Plan) of the *Legislative Assembly Retirement Allowances Act* (Yukon) as well as the "Severance allowance" section of the *Legislative Assembly Act* (Yukon).

Advances to government business enterprises

As of March 31, 2021, the Government has an outstanding balance of \$36.2 million (\$38.2 million at March 31, 2020) on advances made to the government business enterprises.

Loans receivable

The Government has loans receivable of \$90.2 million, of which \$37.6 million, or 41.6%, were Yukon Housing Corporation mortgages receivable, followed by \$36.0 million, or 39.9%, in land sale related loans receivable that are also administered by the Yukon Housing Corporation.

Inventories for resale

Inventories for resale totaled \$63.7 million as of March 31, 2021. This was a decrease of \$13.8 million (17.8%) from the previous year. The inventories largely consist of lots that were developed by the Government for sale to the public.

Retirement benefit assets

Retirement benefit assets totaling \$71.9 million at March 31, 2021 (\$71.4 million at March 31, 2020) are held in relation to the Government's obligations for future pension benefits for employees of Yukon University/College and Yukon Hospital Corporation and represent the market value of the investments less the liability of the benefits based on an actuarial valuation.

Details

Financial Assets (continued)

Investment in government business enterprises

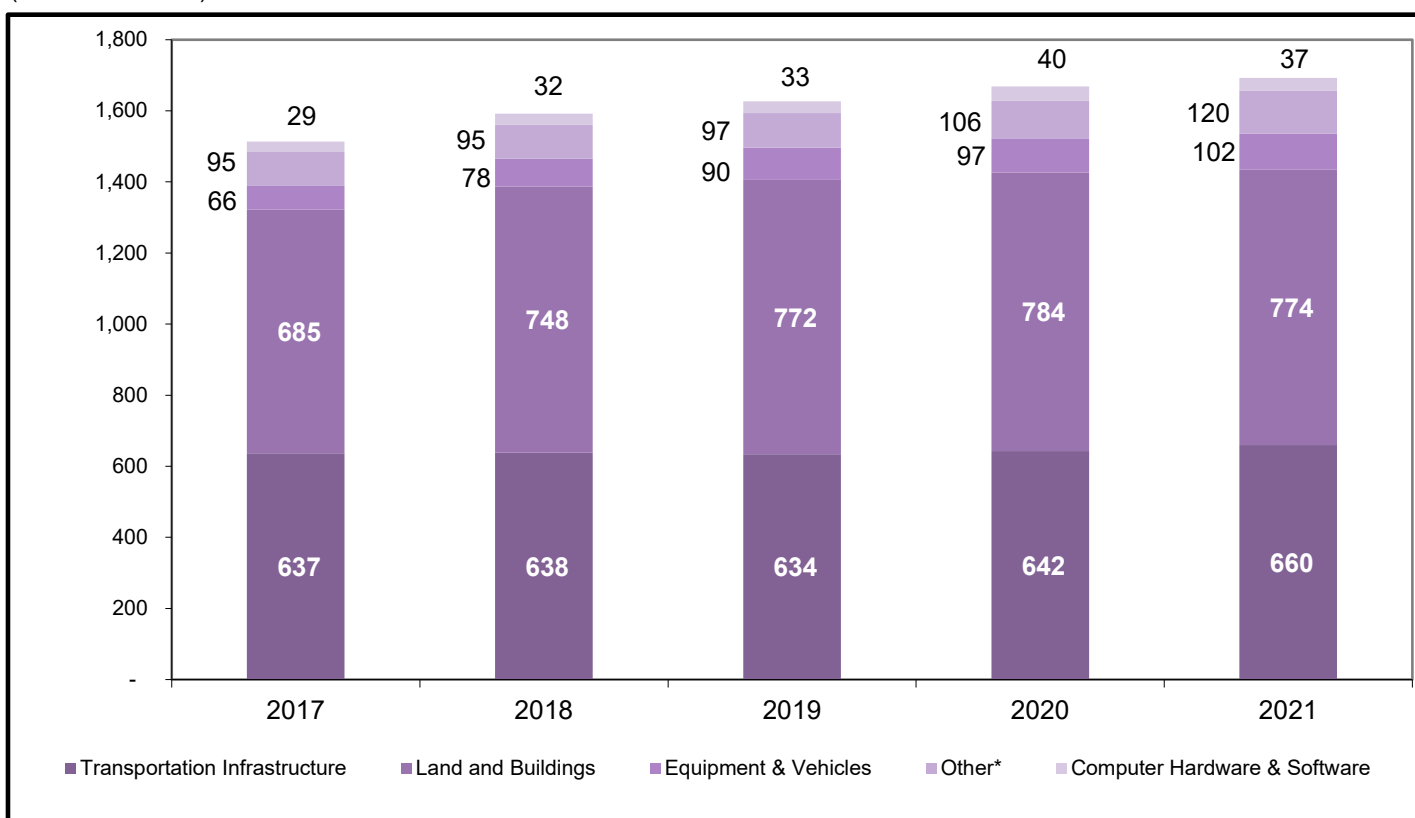
Investment in government business enterprises, which are self-sustainable government corporations, represent 100% of the equity of the Yukon Development Corporation ("YDC") and the Yukon Liquor Corporation ("YLC"). YDC had equity of \$191.9 million at March 31, 2021 (2020 - \$184.0 million), and YLC had equity of \$2.6 million at March 31, 2021 (2020 - \$2.7 million). The Yukon Energy Corporation, which supplies and sells power in the Yukon, is the wholly-owned subsidiary of YDC.

Non-financial Assets

Non-financial assets are assets that do not normally provide resources to discharge existing liabilities, but instead are normally used to deliver future government services or may be consumed in the normal course of operations. Non-financial assets include tangible capital assets, inventories of supplies, and prepaid expenses. Tangible capital assets are the largest category of non-financial assets.

Net Book Value of Tangible Capital Assets

(millions of dollars)



*For additional detail see schedule C to the Consolidated Financial Statements

In 2020-21, the Government made the following investment in tangible capital assets:

Opening balance at April 1, 2020	\$	1,668	million
Additions during the year		107	million
Less: Amortization and other adjustments		(82)	million
Balance at March 31, 2021	\$	<u>1,693</u>	million

The Government's \$107.3 million investment was largely spent on buildings, transportation infrastructure and equipment and vehicles.

In accordance with the recommendations of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the value of transferred Crown land is not reported as a tangible capital asset.

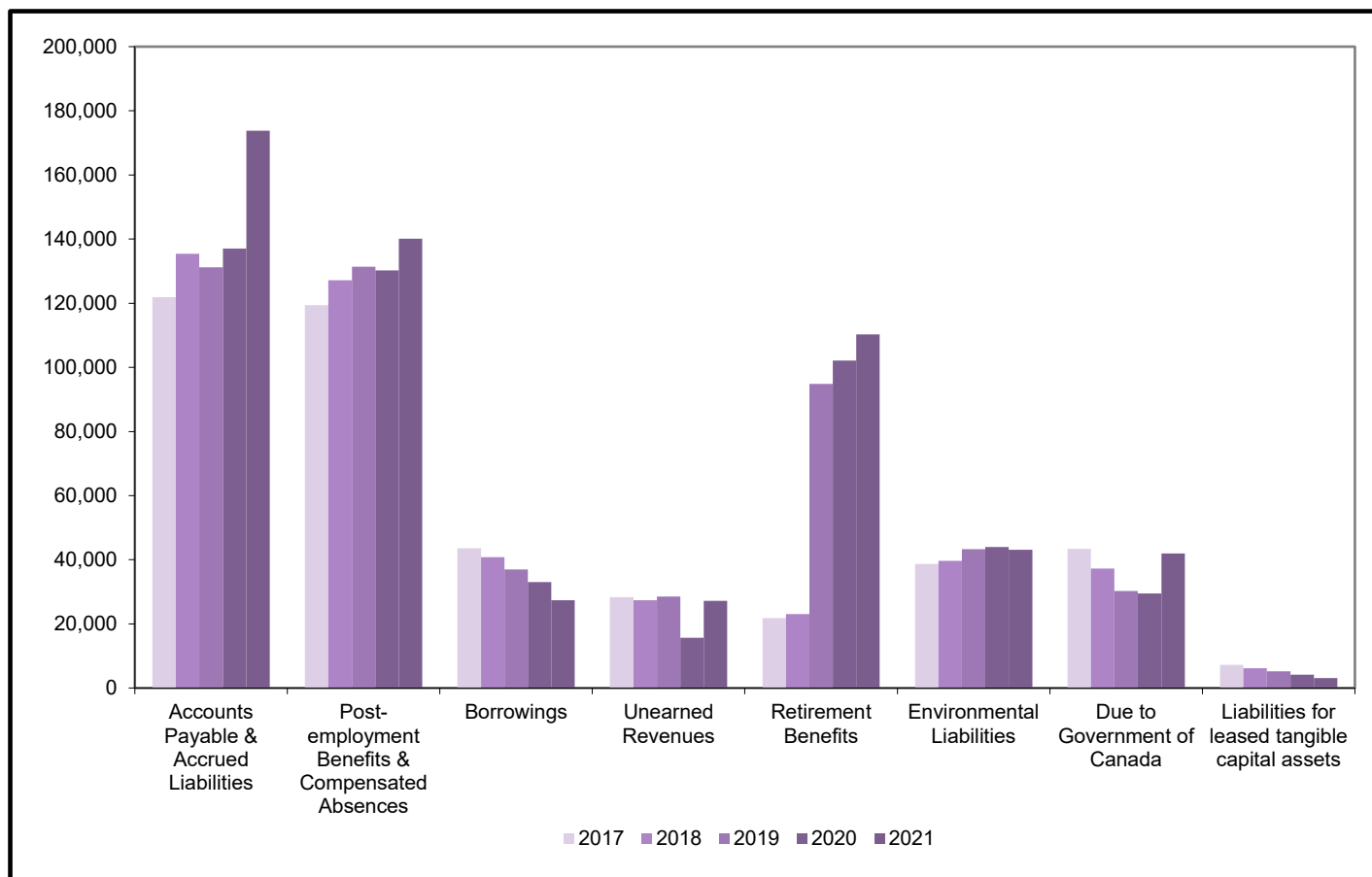
Details

Liabilities

At March 31, 2021, the liabilities of the Government totaled \$566.9 million (\$495.6 million at March 31, 2020), which is equivalent to 75.6% of the financial assets of the Government. A five-year comparison of the Government's liabilities by category is illustrated below:

Liabilities

(thousands of dollars)



(Note: Prior year amounts are shown as reported in the respective year's Public Accounts. In 2018-19 the Government reclassified its retirement benefit plans to present Retirement benefit assets and Retirement benefit liabilities separately).

Major categories of the Government's liabilities are described as follows:

Due to Government of Canada

Amounts due to the Government of Canada at March 31, 2021 were \$41.9 million (\$29.5 million at March 31, 2020). These amounts consist primarily of funds due under various agreements for Income Taxes and Public Service Pension Plan contributions payable for the month of March 2021.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are amounts that are generally paid within a year. The balance of \$173.8 million at March 31, 2021 is an increase of 26.9% from the previous year's balance of \$136.9 million.

Included in this total is the outstanding balance of the Carbon Price Rebate liability of \$6.9 million (2020 - \$2.8 million).

Details

Liabilities (continued)

Environmental liabilities

At March 31, 2021, the Government has recorded \$43.1 million (\$43.9 million at March 31, 2020) as a liability for the estimated costs related to the remediation of contaminated sites for which the Government is responsible and can reasonably estimate the value. Of the liabilities, \$10.8 million (25.1%) is for highway maintenance camps and airports and \$11.9 million (27.6%) is for landfills that the Government is responsible for maintaining.

Unearned revenues

Unearned revenues of \$27.2 million reported as of March 31, 2021 (\$15.6 million at March 31, 2020) are mostly comprised of funding received from the Government of Canada that has not yet been expended in accordance with funding agreements.

Post-employment benefits and compensated absences

The Government's second largest liability, after accounts payable and accrued liabilities, is post-employment benefits and compensated absences. Post-employment benefits are provided to employees after employment but before retirement. These benefits consist of severance pay and a portion of sick leave and vacation leave that are paid out to employees at termination of employment. Compensated absences are benefits such as sick leave and vacation leave that are paid to employees during their employment. The Government uses actuaries to estimate its post-employment benefits and compensated absences liabilities. The post-employment benefits and compensated absences liabilities at March 31, 2021 were \$140.1 million (\$130.2 million at March 31, 2020).

Retirement benefits liabilities

Retirement benefits liabilities totaled \$110.3 million at March 31, 2021 (\$102.1 million at March 31, 2020) and represent the Government's various pension plan liabilities and extended health benefit obligations, which are provided to retired employees. Pension plan liabilities are those for the Members of the Yukon Legislative Assembly, and Territorial Court judges.

Borrowings

The largest portion of the \$27.4 million reported as borrowings relates to the Yukon Hospital Corporation's demand term installment loans totaling \$26.3 million (\$29.8 million at March 31, 2019). The Yukon Hospital Corporation used the loans to finance the costs of the new staff residence/medical service building in Whitehorse, renovations to an extended care facility in Whitehorse, and new hospitals in Watson Lake and Dawson City. During 2020-21 the Yukon Hospital Corporation paid down these loans by \$3.5 million.

Mortgages and loans payable by the Yukon Housing Corporation (Housing) represent a further \$1.7 million (\$2.2 million at March 31, 2020) of the Government's long term debt. These debts are with the Canada Mortgage and Housing Corporation (CMHC) so are included as due to the Government of Canada amounts in the Consolidated Statement of Financial Position.

In Note 17 to the Consolidated Financial Statements, the Government's 'total debt' as defined in the *Yukon Act* (Canada) includes the Housing debt owed to CMHC along with the borrowings of the consolidated government business enterprises of YDC and YLC as well as capital lease obligations. When all relevant items are taken into account the total debt is \$235.2 million at March 31, 2021 (\$228.4 million at March 31, 2020).

The Government of Canada repealed OIC P.C. 2012-280 on September 20, 2020 and issued OIC P.C. 2020-0663 setting Yukon's borrowing limit at \$800 million pursuant to subsection 23(2) of the *Yukon Act* (Canada).

Risks and Mitigations

Government of Yukon's Operating Environment

The Government's financial results are subject to risks and uncertainties that arise from variables over which the Government has no control, or limited control. Some of these risks and uncertainties are:

- COVID-19 is continuing to elevate the level of uncertainty of, and risk to, the Yukon's revenues, expenses and overall fiscal position;
- Economic factors, including economic growth or decline, commodity prices, private sector investment decisions, inflation, population/demographics, and personal income;
- Revenue changes, especially taxation revenues, or changes in transfers expected from the federal government, causing the total actual revenue results to deviate from the budget estimates;
- Level of utilization of government services, particularly related to health care and social services;
- Unexpected health events, such as sudden or extreme outbreaks of disease;
- Natural disasters, such as wildfires, unusual weather patterns or events, or other events that may impede the safe delivery of goods and services;
- Malicious behaviour (i.e. Cybersecurity attacks) that could interrupt services, lead to loss of information or breach of privacy, and/or damage to equipment or facilities;
- Outcomes of litigation, legal settlements, arbitration and negotiations;
- Identification of environmental liabilities;
- Changes in pension liability due to external factors; and
- Changes in accounting standards.

While Yukon's revenues are mainly stable due to the level of federal transfers, the Government's fiscal health nevertheless relies on revenue from economic activity. As this activity can be volatile in an economy that is significantly tied to mining and exploration activities, the Government takes a cautious and prudent approach to revenue forecasting and fiscal planning. For example, while private sector economic forecasts are used in the Department of Finance economic projections, the Government's fiscal plan is traditionally built on assumptions that are below the private sector forecast. Commodity prices and mining exploration and development plans are closely monitored on a regular basis in order to estimate the impact on fiscal projections. With respect to federal transfers, the Government works closely with the federal government to ensure timeliness of information and fairness in funding levels, including with respect to infrastructure programs that affect the Government's capital planning.

On the expense side, the Department of Finance's Management Board Secretariat closely monitors the spending of Departments and the effect on the fiscal plan so that supplementary estimates can be tabled in the Legislature to address unanticipated spending or savings.

Another area being monitored is the completeness and accuracy of provisions for losses that are likely to occur as a result of obligations such as ongoing litigation and environmental remediation. These items could be estimated, expensed and reported as liabilities prematurely or either excessively or insufficiently.

Changes to Canadian accounting standards issued by the Public Sector Accounting Board can have an impact on the Government's budgets, estimates and actual results. The Office of the Comptroller reviews proposed changes and provides input towards the goal of having processes that reflect sound policy decision-making, transparency and accountability.

Risks and Mitigations

Emerging Issues

New Accounting Standards

The Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA) is the body responsible for maintaining the Public Sector Accounting Standards (PSAS) that all public sector organizations are required to follow. For further clarity, the Government of Yukon is legislated to follow these reporting standards as per *Yukon Act* (Canada) s33 and *Taxpayer Protection Act* (Yukon) s4(2).

As business practices evolve and modernize, so must accounting practices, hence PSAB is continuously reviewing and updating the PSAS. Below are a number of new or amended PSAS that the Government plans to adopt on their effective date.

PSAS 3280 - Asset Retirement Obligations (ARO) (effective April 1, 2022)

The concepts to be introduced in PSAS 3280 are similar to the ARO concepts introduced in private sector standards close to a decade ago. Namely, ARO recognizes that certain tangible capital assets will require costs to be incurred at the time the asset is retired either through sale, disposal or demolition. PSAS 3280 requires that these retirement costs be recognized at the time of purchasing the asset, or as soon as the costs can be estimated. These concepts are similar to those in PSAS 3270 Landfill Closure and Post-Closure Liabilities; actually, so similar that PSAS 3270 will be archived when PSAS 3280 is implemented. PSAS 3280 will apply to all tangible capital assets owned or controlled by the Government. Work is on-going to establish estimation and recording procedures and to quantify impact on financial position.

PSAS 3450 - Financial Instruments (effective April 1, 2022)

This PSAS establishes new guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

Currently, the Government expects negligible impact resulting from the adoption of this new standard.

PSAS 3041 - Portfolio Investments (effective April 1, 2022)

PSAS 3041 replaces existing PSAS 3040 with revised guidance on the accounting for, and presentation and disclosure of, portfolio investments.

Due to the nature of its portfolio investments, the Government expects nominal impact resulting from the adoption of this new standard.

PSAS 2601 - Foreign Currency Translation (effective April 1, 2022)

PSAS 2601 replaces existing PSAS 2600 with revised guidance on the recognition, presentation and disclosure of transactions that are denominated in a foreign currency.

Due to the low volume of foreign currency transactions, the Government expects negligible impact resulting from the adoption of this new standard.

PSAS 1201 - Financial Statement Presentation (effective April 1, 2022)

PSAS 1201 replaces existing PSAS 1200 with revised general reporting principles and standards of presentation and disclosure in government financial statements. These changes are required to incorporate the changes stemming from the new PSAS 3450, PSAS 3041 and PSAS 2601.

Again, the Government expects negligible impact resulting from the adoption of this new standard.

PSAS 3400 - Revenue (effective April 1, 2023)

This new PSAS establishes new guidance on the recognition, measurement, presentation and disclosure of revenue.

The Government is assessing the potential impact resulting from the adoption of this new standard.

PSAS 3160 - Public Private Partnerships (effective April 1, 2023)

This new PSAS establishes new guidance on the recognition, measurement and disclosure of public private partnership arrangements.

The Government is reviewing if there will be any impact resulting from the adoption of this new standard.

Risks and Mitigations

Emerging Issues (continued)

RCMP Collective Agreement

In the summer of 2021, the Royal Canadian Mounted Police (RCMP) ratified a collective agreement with their non-commissioned members as the previous wage contract expired March 31, 2016. The wage settlement is expected to include significant increases to the wages of front-line constables. The Government contracts the RCMP to deliver police services and expects to be impacted by this settlement. The Government is monitoring the process and awaits notification of its exposure to any increases in its contract costs.

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PART TWO
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of Yukon is the responsibility of management of the Department of Finance.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Where standards permit alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these statements.

The Government fulfills its accounting and reporting responsibilities, through the Department of Finance, by maintaining systems of financial management and control designed to provide timely and reliable information to users, to properly safeguard assets, and to ensure all financial transactions are in accordance with the *Yukon Act* (Canada), and the *Financial Administration Act* (Yukon) and regulations.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government, the results of its operations, the change in its net financial assets and its cash flows for the year, in accordance with Canadian public sector accounting standards. During the course of the audit, she also examines transactions that came to her notice, to ensure they are, in all material respects, in accordance with the statutory powers of the Government and those organizations included in the consolidation.

Annually, the consolidated financial statements are tabled in the Legislative Assembly as part of the Public Accounts, and are referred to the Public Accounts Committee.



D. Scott Thompson
Deputy Minister of Finance

October 27, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of Yukon

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Government of Yukon and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in Parts One and Two of the 2020–21 Yukon Public Accounts, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Government of Yukon and its controlled entities coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Yukon Act*, the *Financial Administration Act* of Yukon and regulations, and the specific operating authorities disclosed in Note 2(a) to the consolidated financial statements.

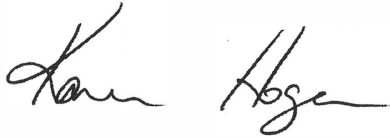
In our opinion, the transactions of the Government of Yukon and its controlled entities that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Government of Yukon and its controlled entities' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Government of Yukon and its controlled entities to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in black ink, appearing to read "Karen Hogan". The signature is fluid and cursive, with the first name "Karen" and the last name "Hogan" clearly distinguishable.

Karen Hogan, FCPA, FCA
Auditor General of Canada

Ottawa, Canada
27 October 2021

GOVERNMENT OF YUKON

Consolidated Statement of Financial Position
as at March 31, 2021

	2021	2020
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	\$ 91,012	\$ 68,577
Temporary investments (Note 4)	1,619	1,261
Due from Government of Canada (Note 5)	139,919	81,504
Accounts receivable (Note 6)	21,221	32,583
Portfolio investments (Note 7)	39,404	37,006
Advances to government business enterprises (Note 11(b)(c))	36,200	38,200
Loans receivable (Note 9)	90,217	72,668
Inventories for resale (Note 10)	63,721	77,555
Retirement benefit assets (Note 16)	71,868	71,425
Investment in government business enterprises (Note 11(a))	194,517	186,696
	<u>749,698</u>	<u>667,475</u>
Liabilities		
Due to Government of Canada (Note 5)	41,970	29,493
Accounts payable and accrued liabilities (Note 12)	173,811	136,994
Environmental liabilities (Note 13)	43,103	43,989
Unearned revenues (Note 14)	27,176	15,628
Post-employment benefits and compensated absences (Note 15)	140,147	130,195
Retirement benefit liabilities (Note 16)	110,298	102,072
Borrowings (Note 17)	27,352	33,072
Liabilities for leased tangible capital assets (Note 18)	3,096	4,144
	<u>566,953</u>	<u>495,587</u>
Net financial assets	<u>182,745</u>	<u>171,888</u>
Non-financial assets		
Tangible capital assets (Note 20)	1,693,017	1,668,379
Inventories of supplies	9,960	9,473
Prepaid expenses	7,488	3,231
	<u>1,710,465</u>	<u>1,681,083</u>
Accumulated surplus	<u>\$ 1,893,210</u>	<u>\$ 1,852,971</u>

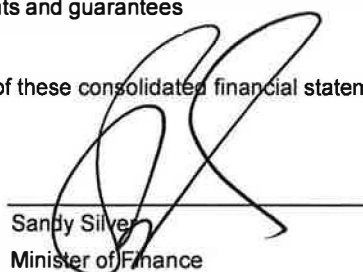
Contingencies, contractual rights and obligations, commitments and guarantees
(Notes 11(d)(e), 13, 16(d)(e), 23, 24, 26, 27, and 28)

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Approved:



D. Scott Thompson
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2021**

	2021		2020
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada	\$ 1,307,946	\$ 1,396,610	\$ 1,225,191
Taxes and general revenues	194,449	206,109	196,001
Funding and service agreements with other parties	56,802	32,947	49,178
Income from investment in government business enterprises (Note 11(a))	13,871	18,183	5,565
	1,573,068	1,653,849	1,475,935
Expenses (Note 21)			
Health and social services	480,393	510,359	463,799
Community and transportation	403,803	409,696	384,108
Education	231,340	217,129	212,112
General government	202,015	221,910	182,776
Natural resources	106,771	103,494	106,340
Justice	81,826	81,107	78,652
Business, tourism and culture	74,943	67,264	50,648
Interest on loans	1,485	1,578	1,694
Adjustments	(29,102)	-	-
	1,553,474	1,612,537	1,480,129
Recovery of prior years' expenses	-	1,096	1,552
Surplus (deficit) for the year	\$ 19,594	42,408	(2,642)
Accumulated surplus at beginning of year		1,852,971	1,856,826
Other comprehensive gain (loss) of government business enterprises (Note 11(a))		(2,169)	(1,213)
Accumulated surplus at end of year		\$ 1,893,210	\$ 1,852,971

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

**Consolidated Statement of Change in Net Financial Assets
for the year ended March 31, 2021**

	2021		2020
	Budget (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus (deficit) for the year	\$ 19,594	\$ 42,408	\$ (2,642)
Effect of change in tangible capital assets			
Acquisitions	(115,844)	(107,341)	(117,961)
Amortization of tangible capital assets	76,952	80,061	75,211
Loss (gain) on disposal of tangible capital assets	(8)	479	535
Proceeds on disposal of tangible capital assets	163	-	224
Write-down of tangible capital assets	-	2,163	12
Adjustments	7,505	-	-
	<u>(31,232)</u>	<u>(24,638)</u>	<u>(41,979)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(18,328)	(26,047)
Consumption of inventories of supplies	-	17,841	25,198
(Increase) decrease in prepaid expenses	-	(4,257)	121
	<u>-</u>	<u>(4,744)</u>	<u>(728)</u>
Increase (decrease) in net financial assets	<u>\$ (11,638)</u>	<u>13,026</u>	<u>(45,349)</u>
Net financial assets at beginning of year		171,888	218,450
Other comprehensive gain (loss) of government business enterprises (Note 11(a))		<u>(2,169)</u>	<u>(1,213)</u>
Net financial assets at end of year		<u>\$ 182,745</u>	<u>\$ 171,888</u>

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

**Consolidated Statement of Cash Flow
for the year ended March 31, 2021**

	2021	2020
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ 42,408	\$ (2,642)
Non-cash items included in surplus (deficit) for the year:		
Amortization of tangible capital assets	80,061	75,211
Loans receivable valuation adjustment	196	26
Bad debt expense	110	55
Write-down of tangible capital assets	2,163	12
Gain on sale of land inventory	(2,017)	(1,364)
Loss (gain) on disposal of tangible capital assets	479	535
Contributed tangible capital assets (Note 20)	-	(251)
Surplus of government business enterprises (Note 11(a))	(18,183)	(5,565)
Change in non-cash assets and liabilities	26,505	(41,260)
Amounts remitted from government business enterprises (Note 11(a))	8,193	9,624
Cash provided by (used for) operating transactions	<u>139,915</u>	<u>34,381</u>
Capital transactions		
Acquisition of tangible capital assets	(107,341)	(116,985)
Proceeds on disposal of tangible capital assets	-	224
Cash provided by (used for) capital transactions	<u>(107,341)</u>	<u>(116,761)</u>
Investing transactions		
Net proceeds from temporary investments	461	42,505
Proceeds from portfolio investments	33,021	2,845
Acquisition of portfolio investments	(38,492)	(4,019)
Repayment of advances to government business enterprises	2,000	-
Repayments of loans receivable	20,872	22,749
Issuance of loans receivable	(7,017)	(7,634)
Investment in land inventory	(15,665)	(18,087)
Cash provided by (used for) investing transactions	<u>(4,820)</u>	<u>38,359</u>
Financing transactions		
Repayment of borrowings	(4,272)	(4,169)
Repayment of liabilities for leased tangible capital assets	(1,047)	(1,057)
Cash provided by (used for) financing transactions	<u>(5,319)</u>	<u>(5,226)</u>
Cash and cash equivalents increase (decrease)	22,435	(49,247)
Cash and cash equivalents at beginning of year	<u>68,577</u>	<u>117,824</u>
Cash and cash equivalents at end of year (Note 3)	\$ 91,012	\$ 68,577
Interest received in the year	\$ 7,266	\$ 8,837
Interest paid in the year	\$ 1,754	\$ 1,850

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

1. **Authority and operations**

(a) Authority

The Government of Yukon (“the Government”) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

(b) Budget

The Budget figures are based on the Consolidated Budget of the Government Reporting Entity as published in the Government’s Operation & Maintenance and Capital Estimates 2020-21 as approved in the Legislative Assembly in March 2020. Adjustments include estimated lapses and unallocated budget estimates.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, the Government of Canada or a province;
- fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a bank including swapped deposit transactions in the currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of the Government of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

2. **Significant accounting policies**

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Reporting entity and method of consolidation

The consolidated financial statements include the accounts of all government sector entities and government not-for-profit organizations.

Government sector entities include departments and government-controlled corporations. Government not-for-profit organizations comprise government-controlled education and health institutions.

The accounts of government sector entities and not-for-profit organizations, except for those that are classified as government business enterprises, are consolidated using the full consolidation method. With the full consolidation method, revenue and expense transactions, capital, investing and financing transactions, and related assets and liability accounts between consolidated entities have been eliminated.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

The accounts of government business enterprises are consolidated using the modified equity method. Under the modified equity method of consolidation, the accounting policies of consolidated entities are not adjusted to conform with those of the government organizations that are consolidated using the full consolidation method. Inter-entity revenue and expense transactions and related asset and liability balances are not eliminated.

On February 6, 2020, the *Yukon University Act* was proclaimed into force and the *Yukon College Act* was repealed, and Yukon College changed its name to Yukon University. Beginning with the fiscal period ending March 31, 2021 Yukon University has changed its year end date to March 31.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31. As for the organizations that use a fiscal year-end other than March 31, namely the Yukon Development Corporation, the Government uses their unaudited interim financial statements as at March 31.

Trusts administered by the Government on behalf of other parties (Note 22) are excluded from the government reporting entity.

The organizations comprising the government reporting entity, categorized by the consolidation method, and their specific operating authority are as follows:

Full consolidation:

Government of Yukon departments
Yukon University, formerly Yukon College
Yukon Hospital Corporation
Yukon Housing Corporation

Authority for operations:

Financial Administration Act
Yukon University Act, formerly Yukon College Act
Hospital Act
Housing Corporation Act

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation

Yukon Development Corporation Act
Liquor Act
Cannabis Control and Regulation Act

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant and the Canada health and the Canada social transfers from the Government of Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada) which expires on March 31, 2024. The Formula Financing grant is principle-based and the Canada health transfer and the Canada social transfer are simple equal cash per capita grants. Adjustments for health and social transfers are made in the year they are known.

Government transfers are recognized as revenue when the funding is authorized and any eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as unearned revenue when transfer stipulations give rise to a liability. Transfer revenues are recognized as the stipulation liabilities are settled.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2021

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by the Government of Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified. Tax concessions are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

Proceeds from funding and service agreements with other parties are recognized as revenue as they are determined to be earned based on the terms and conditions of the agreements and in compliance with relevant accounting standards. These determinations occur on an agreement by agreement basis due to the diverse nature of each individual agreement.

Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when authorized and recipients have met eligibility criteria.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

Assets

Financial assets

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

Temporary investments include treasury bills, GICs, term deposits, and funds that include short-term debt securities of Canadian governments and corporate issuers with terms to maturity of 90 days or more but one year or less from the date of acquisition. When the market value of temporary investments has declined below the carrying value, they are carried at market value.

Portfolio investments are accounted for by the cost method and include funds that include bonds and equities. These investments are expected to be realized or have terms to maturity greater than one year from the date of acquisition. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. The loan receivable is reduced by the amount of a loss when the amount is known with sufficient precision, and there is no realistic prospect of recovery. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured. Loans with significant concessionary terms are reviewed annually. Concessionary loans are recorded at the discounted value of the loan after the grant portion has been expensed.

Inventories for resale include land that has been developed by the Government and supplies held for eventual sale. Land is comprised of the costs of acquiring, planning and developing lots. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to net recoverable value to recognize the loss. Supplies held for sale are recorded at the lower of cost and net realizable value.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials that are tracked through revolving funds and medical supplies of the Yukon Hospital Corporation. Inventories are valued at the lower of cost and replacement value. These assets are not held for sale and are intended to be used in providing government services. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and unearned revenues.

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years and transfer payments from the Government of Canada, which have associated stipulations that gave rise to a liability as of year-end.

Liabilities for leased tangible capital assets are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate, over a similar term length as the related lease terms, at the time the obligation is incurred.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from the Government of Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer. Interest costs on loans that are directly attributable to the acquisition of tangible capital assets are capitalized.

The value of works of art, historical treasures, all intangibles, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. Historical treasures and works of art are expensed when they are acquired.

Tangible capital assets that are held and available for use by the Government are generally amortized on a straight-line basis over their estimated useful life of the asset as follows:

<u>Asset category</u>	<u>Estimated useful life</u>
Land	N/A
Buildings	
Buildings	40 - 50 years
Leasehold improvements	Shorter of the lease term or useful economic life
Equipment and vehicles	
Heavy equipment	7 - 30 years
Operating equipment	5 - 25 years
Vehicles	6 - 20 years
Computer hardware and software	
Computer hardware	5 years
Computer software	Expected usage of the system before overhaul
Transportation infrastructure	
Forestry access roads	10 years
Highways	up to 75 years
Pavement/surfaces	up to 75 years
Bridges	up to 75 years
Airport runways	up to 75 years
Other	
Portable classrooms/housing trailers	25 years
Land improvements and fixtures	up to 50 years
Sewage and water systems	up to 50 years
Mobile radio system infrastructure	15 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

(d) Post-employment benefits and compensated absences

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. Compensated absences are benefits such as sick leave and vacation leave that are paid to employees during their employment. The Government recognizes the obligation for these benefits as a liability and uses actuaries to estimate the amount of the obligation based on the projected benefit method prorated on service. Expenses related to post-employment benefits and compensated absences are recognized in the period in which the employee's service is rendered and the benefits are earned. The accrued benefit liability for these benefits is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan.

Other retirement benefits for Government employees include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. They are both non-pension defined benefit plans. Liabilities for these benefits are triennially valued on an actuarial basis using the projected benefit method prorated on service, with an actuarial valuation for accounting purposes updated annually. Non-pension retirement benefit expenses for these plans are recognized as the member renders service. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. Both extended health care and life insurance retirement benefits are not funded and thus have no plan assets, resulting in a plan deficit equal to the accrued benefit obligation.

Retirement benefits to Members of the Legislative Assembly, territorial court judges, and the employees of Yukon University/College and the Yukon Hospital Corporation are defined benefit plans and are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on service, with an actuarial valuation for accounting purposes updated annually. Pension expenses for these plans are recognized as the member renders services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses. Plan assets are valued at the fair market value.

(f) Environmental liabilities

Contaminated sites and other environmental liabilities, which include Type II sites, are accrued, net of recoveries, and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination and when the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable, the contingency is disclosed in the notes to the financial statements.

Landfill liabilities are recognized on a net present value basis for the total estimated expenditures for closure and post-closure care as the landfill site's capacity is used.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these financial statements, the Government believes the estimates and assumptions to be reasonable. Certain estimates used in these financial statements may be subject to increased measurement uncertainty due to the COVID-19 pandemic (Note 29). The amount of variability cannot be reasonably determined at this time.

Some of the more significant management estimates relate to post-employment and retirement benefits, environmental liabilities, amortization of tangible capital assets, corporate and personal income tax revenue and contingencies.

The provision for environmental liabilities is subject to a high degree of measurement uncertainty because the existence and extent of contamination, the responsibility for, and the timing and cost of remediation cannot be reliably estimated in all circumstances. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

3. **Cash and cash equivalents**

	2021	2020
	(thousands of dollars)	
Bank balances	\$ 82,893	\$ 60,530
Short-term investments	8,049	7,977
Cash on hand	70	70
	<u>\$ 91,012</u>	<u>\$ 68,577</u>

4. **Temporary investments**

	2021		2020	
	Market Value	Carrying Value	Market Value	Carrying Value
	(thousands of dollars)			
Term Deposits and GICs	\$ 819	\$ 819	\$ -	\$ -
Floating rate notes	-	-	648	648
Treasury bills	-	-	419	417
Other	800	800	197	196
	<u>\$ 1,619</u>	<u>\$ 1,619</u>	<u>\$ 1,264</u>	<u>\$ 1,261</u>

The temporary investments had a weighted average effective yield of 1.54% (2020 – 1.54%) per annum.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

5. **Due from/to Government of Canada**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 135,070	\$ 78,946
Income tax	4,492	1,181
Other	<u>357</u>	<u>1,377</u>
	<u>\$ 139,919</u>	<u>\$ 81,504</u>
Due to Government of Canada		
Payroll taxes	\$ 11,599	\$ 9,680
Public Service Pension Plan contribution	8,232	7,675
Program funding liable for claw back	7,901	-
RCMP	7,599	7,685
Type II mine sites	1,848	1,618
CMHC mortgages and loans	1,713	-
Other	<u>3,078</u>	<u>2,655</u>
	<u>\$ 41,970</u>	<u>\$ 29,493</u>

Amounts due from and due to the Government of Canada are payable on demand and are non-interest bearing with the exception of mortgages and loans due to CMHC (Note 17). The carrying amounts, with the exception of mortgages and loans due to CMHC, approximate fair market values because of their short term to maturity.

6. **Accounts receivable**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 20,656	\$ 31,079
Less valuation allowances	<u>(3,275)</u>	<u>(2,298)</u>
	17,381	28,781
Due from government business enterprises that are not fully consolidated	<u>3,840</u>	<u>3,802</u>
	<u>\$ 21,221</u>	<u>\$ 32,583</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

7. **Portfolio investments**

	2021		2020	
	<u>Market Value</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Carrying Value</u>
	(thousands of dollars)			
Marketable securities	<u>\$ 39,360</u>	<u>\$ 39,404</u>	<u>\$ 33,816</u>	<u>\$ 37,006</u>

Marketable securities include investments held by Yukon University/College as well as designated investments (Note 8) set aside within the Consolidated Revenue Fund for use in meeting certain post-employment and retirement benefit obligations for Members of the Legislative Assembly. The investments are managed by a third party. During the year, following a review of the third party management, the securities transitioned to a new third party manager.

8. **Designated assets**

The Government has designated a portion of its assets for the purpose of meeting the obligations under Part 3 (Supplemental Plan) of the *Legislative Assembly Retirement Allowances Act* (Yukon) as well as the "Severance allowance" section of the *Legislative Assembly Act* (Yukon).

Designated assets are included in cash and cash equivalents, temporary investments and portfolio investments as follows:

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Cash and cash equivalents	\$ 4	\$ 50
Temporary investments (market value \$800,000; 2020 – \$1,264,000)	800	1,261
Portfolio investments – marketable securities (market value \$34,545,000; 2020 – \$29,758,000)	<u>34,589</u>	<u>32,948</u>
	<u>\$ 35,393</u>	<u>\$ 34,259</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

9. **Loans receivable**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Yukon Housing Corporation mortgages receivable, secured by registered charges against real property, chattel mortgages or general security agreements, due in varying annual amounts to the year 2029 (2020 – 2029) bearing interest rates ranging from 0% to 4.95% (2020 – 0% to 4.95%), net of allowance for subsidies and valuation of \$452,000 (2020 – \$394,000) and a provision in the amount of \$619,000 (2020 – \$535,000) for loans with concessionary terms.	\$ 37,556	\$ 39,772
Agreements for sale of land, due in varying annual amounts over a three, or five, year term to the year 2026 (2020 – 2025) bearing interest at 5.00% (2020 – 5.00%).	36,035	16,895
Local improvement loans, due in varying annual amounts to the year 2040 (2020 – 2041), bearing interest rates ranging from 0.50% to 5.25% (2020 – 0.50% to 5.25%).	8,443	7,534
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2020 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2020 – 2.72% to 6.38%).	2,627	3,014
Other, net of allowance for doubtful accounts of \$322,000 (2020 – \$345,000).	5,556	5,453
	<u>\$ 90,217</u>	<u>\$ 72,668</u>

10. **Inventories for resale**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Land		
Undeveloped land	\$ 603	\$ 603
Land under development	40,447	57,999
Developed land	<u>22,495</u>	<u>18,843</u>
	63,545	77,445
Other	<u>176</u>	<u>110</u>
	<u>\$ 63,721</u>	<u>\$ 77,555</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

11. **Investment in government business enterprises**

(a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Liquor Corporation has a fiscal year-end of March 31. The Yukon Development Corporation has a fiscal year-end of December 31 but the Government uses their unaudited interim financial statements for the consolidation. The summary financial statements are prepared in accordance with International Financial Reporting Standards.

	Yukon Development Corporation	Yukon Liquor Corporation	2021 Total	2020 Total
	(thousands of dollars)			
Assets				
Current	\$ 34,339	\$ 5,575	\$ 39,914	\$ 29,751
Capital assets	478,503	2,148	480,651	465,861
Regulatory deferral (Note 11(f))	32,862	-	32,862	36,286
Right of use of assets	37	967	1,004	1,927
Other	17,761	-	17,761	13,105
	<u>\$ 563,502</u>	<u>\$ 8,690</u>	<u>\$ 572,192</u>	<u>\$ 546,930</u>
Liabilities				
Current	\$ 42,496	\$ 3,722	\$ 46,218	\$ 37,193
Long-term debt	203,438	-	203,438	203,048
Regulatory deferral (Note 11(f))	9,112	-	9,112	10,057
Contributions in aid of construction	87,979	-	87,979	76,952
Lease liabilities	-	675	675	1,427
Other	28,596	1,657	30,253	31,557
Equity	191,881	2,636	194,517	186,696
	<u>\$ 563,502</u>	<u>\$ 8,690</u>	<u>\$ 572,192</u>	<u>\$ 546,930</u>
Revenues	\$ 89,161	\$ 19,659 ¹	\$ 108,820	\$ 84,718
Expenses	75,888	11,424	87,312	90,167
Surplus (deficit) before the following:	13,273	8,235	21,508	(5,449)
Net movement in regulatory deferral (Note 11(f))	(3,325)	-	(3,325)	11,014
Surplus (deficit)	<u>\$ 9,948</u>	<u>\$ 8,235</u>	<u>\$ 18,183</u>	<u>\$ 5,565</u>

¹ Yukon Liquor Corporation revenue is shown as net of cost of goods sold of \$28.183 million (2020 - \$26.187 million).

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

	Yukon Development Corporation	Yukon Liquor Corporation (thousands of dollars)	2021 Total	2020 Total
Equity, beginning of year	\$ 184,001	\$ 2,695	\$ 186,696	\$ 191,968
Surplus (deficit)	9,948	8,235	18,183	5,565
Other comprehensive gain (loss)	(2,067)	(102)	(2,169)	(1,213)
Remitted to the Government	<u>-</u>	<u>(8,193)</u>	<u>(8,193)</u>	<u>(9,624)</u>
Equity, end of year	<u>\$ 191,882</u>	<u>\$ 2,635</u>	<u>\$ 194,517</u>	<u>\$ 186,696</u>

Equity represents the Government's investment in the government business enterprises.

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Liquor Corporation (thousands of dollars)	2021 Total	2020 Total
Government of Yukon:				
Accounts receivable from	\$ 284	\$ 2,345	\$ 2,629	\$ 1,979
Advance receivable from	36,200	-	36,200	38,200
Accounts payable to	17,578	90	17,668	1,614
Long-term obligations to	85	-	85	85
Revenues from	-	8,193	8,193	9,748
Expenses to	40,565 ¹	-	40,565	22,375

¹ Includes cost of electricity of \$17.238 million (2020 – \$12.433 million) purchased by the Government from an unrelated third party. This unrelated party buys electricity from the Yukon Development Corporation's wholly owned subsidiary, Yukon Energy Corporation.

(c) Advance receivable

Yukon Development Corporation

The Government entered into loan agreements with the Yukon Development Corporation ("YDC") and advanced a total of \$39,200,000 in order to assist in the development of the Whitehorse diesel – natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC's wholly owned subsidiary. The loan term that commenced on April 1, 2016 ended on March 31, 2018. The per annum interest rate was set based on the one-year CDOR plus 30 basis points in effect on April 1 each year. The rate of interest on the loans was 1.514%. The Government and YDC entered into a new loan agreement

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effective March 30, 2018. The initial term of the loan is to March 31, 2023 and pursuant to the agreement, the loan may be extended for two additional five year terms upon mutual consent of the parties. The per annum interest rate will be set based on one-year CDOR plus 40 basis points in effect on April 1 each year. The rate of interest effective March 30, 2021 is 0.81% (2020 – 1.61%). The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended. The payment due March 31, 2020 from YDC was received in May 2020 and the payment due March 31, 2021 was received in March 2021.

(d) Commitments

Yukon Development Corporation

In June 2010, the Yukon Development Corporation (“YDC”) issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers’ future contributions towards the construction of the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. In the Memorandum of Understanding (“the MOU”) between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011, to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2020/2021, the Government paid \$2,625,000 (2020 – \$2,625,000) to YDC based on the MOU.

The Government authorized the continuation of the Interim Electrical Rebate program to March 31, 2022. This rebate program provides subsidies to non-government residential customers. It was initially implemented in 2009 as an interim replacement of the Rate Stabilization Fund. During the fiscal year 2020/2021, the Government provided \$3,429,000 (2020 – \$3,375,000) to YDC for this purpose. The Government is committed to fund up to \$3,500,000 in the fiscal year 2021/2022.

As at March 31, 2021, the Yukon Energy Corporation (“YEC”), the wholly-owned subsidiary of YDC, had contractual obligations for future purchases of products or services in the amount of \$31,850,000 (2020 – \$28,900,000).

The Yukon Water Board had issued a water use license for the Aishihik Lake facility that was valid until December 31, 2019. In addition to maintaining a minimum and maximum water level, the license commits YEC to meet a number of future requirements including annual fish monitoring programs.

Due to outstanding issues with affected stakeholders, YEC was unable to secure a long-term renewal of the license prior to expiry. During 2019, a two-month extension was granted, and then, in order to ensure continued generation of electricity from the Aishihik Lake facility, YEC applied for and received a three-year renewal of the existing license. The renewal is effective from March 1, 2020 to December 31, 2022. There are additional monitoring and potential operational adjustments, which will be charged to the fiscal year in which they occur. YEC continues to work with affected parties with the objective of securing a longer term license agreement prior to the expiry of the renewal.

Fish monitoring programs are also required under an authorization provided by the Federal Government, Department of Fisheries and Oceans. The costs of meeting these requirements will be accounted for as water license costs in the year they are paid.

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Yukon Liquor Corporation

In the normal course of operations, the Yukon Liquor Corporation enters into multi-year arrangements for the provision of freight and other goods and services. The total commitments as at March 31, 2021 for future years are \$2,569,000 (2020 – \$3,285,000).

(e) Contingencies

Yukon Development Corporation

At March 31, 2016, the Yukon Energy Corporation (“YEC”), Yukon Development Corporation’s wholly owned subsidiary, had a claim from a contractor in the amount of \$4,000,000 plus interest and legal costs. During 2017, the Yukon Supreme Court issued an award in favour of the contractor. YEC successfully appealed the award in 2018. A re-trial was held in April 2020 with the decision of the judge being received in February 2021. The trial resulted in a net award in favour of YEC in the amount of \$433,000. Legal costs and interest are still to be adjudicated. The outcome of the adjudication is not determinable at this time and no estimate of a settlement has been recognized in the financial statements.

YEC has not recognized a provision for asset retirement obligations for the closure and restoration obligations for certain generation, transmission and distribution assets. YEC anticipates maintaining and operating these assets for an indefinite period, making the dates of retirement of the assets indeterminate. The significant uncertainties around the timing of any potential future cash outflows are such that a reasonable estimate of the liability is not possible at this time. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

(f) Regulatory Deferral Accounts

Yukon Development Corporation

Regulatory deferral accounts in YDC’s financial statements are accounted for differently than they would be in the absence of rate regulation. Where regulatory decisions dictate, YDC defers certain expenses or revenues as regulatory deferral account debit balances or regulatory deferral account credit balances and recognizes them in the net movement in regulatory deferral account balances as it collects or refunds amounts through future customer rates. Any adjustments to these regulatory deferral accounts are recognized in the net movement in regulatory deferral account balances in the period that the Yukon Utilities Board (“YUB”) renders a subsequent decision. All amounts maintained as regulatory deferral account debit balances and regulatory deferral account credit balances are expected to be recovered or settled and are assessed on an annual basis by comparing the rates approved by the YUB to the current balances.

The net movement in regulatory deferral account balances is included in income from investment in government business enterprises in the Government’s consolidated statement of operations and accumulated surplus.

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12. **Accounts payable and accrued liabilities**

	2021	2020
	(thousands of dollars)	
Accounts payable	\$ 76,407	\$ 67,955
Accrued liabilities	69,601	55,137
Contractors' holdbacks and security deposits	9,630	11,176
Due to government business enterprises (Note 11(b))	17,668	1,614
Other	505	1,112
	<u>\$ 173,811</u>	<u>\$ 136,994</u>

13. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$26,447,000 (2020 – \$27,278,000). These liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs associated with other liabilities related to these sites. The liabilities are determined on a site-by-site basis and are based on preliminary environmental assessments or estimation for those sites where an assessment has not been conducted. The amount recorded is based on management's best estimates utilizing the information available at the financial statement date. The amount of liabilities becomes determinable over a continuum of events and activities as information becomes available. As a result, the actual amount of liabilities to remediate these sites could vary significantly.

As at March 31, 2021, the Government was aware of 99 sites (2020 – 99 sites) where the Government is obligated or is likely obligated to incur such costs. During the year remediation work was undertaken at 11 sites, including the Marwell Tar Pit.

One of the 99 sites, Marwell Tar Pit, has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a "responsible party" as defined by the *Environment Act* (Yukon) and determined by the *Contaminated Sites Regulation*. The Government of Canada was the landowner when the contamination occurred. In September 2010, the Government and the Government of Canada entered into an agreement to remediate the site over 11 years with a total estimated cost of \$6,800,000, of which the Government is to fund 30% or \$2,040,000 and the Government of Canada \$4,760,000. As at March 31, 2021, \$106,000 (2020 – \$250,000) was recorded as the remaining liability for this site, and is part of the \$26,447,000 noted above.

A site known as Wellgreen ceased operations in the 1970's. The Government of Canada approved the tailings dam and resulting pond built at that time as meeting required specifications; however, concerns regarding the level of water in the pond are known. Initial assessment confirmed that further remediation of the site is required and \$4,803,000 (2020 - \$5,000,000) has been recognized in Environmental Liabilities for Contaminated Sites to reflect the Government's expected responsibility. Negotiations with the previous owner and the Government of Canada will be required to establish final levels of responsibility and liability.

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(b) Landfill sites

There are 28 active, decommissioned or abandoned landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. The Government is the sole operator of the active landfills. 23 of these sites are subject to the *Environment Act (Yukon) – Solid Waste Regulations* which includes requirements for closure and abandonment of a dump. The remaining 5 sites are old abandoned dumps which are not subject to the *Solid Waste Regulations*.

A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2021, the net present value of total expenditures for closure and post-closure care is estimated to be \$14,057,000 (2020 – \$14,057,000) and a liability in the amount of \$11,854,000 (2020 – \$11,854,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$2,203,000 (2020 – \$2,203,000). No assets are designated for settling these liabilities.

In calculation of the above liability, the remaining landfill life was estimated to be from 0 to 50 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 2.58% (2020 – 2.58%) was used for the net present value calculation for active and closed landfill sites.

(c) Type II sites

Pursuant to the Devolution Transfer Agreement (“DTA”), the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, which have been abandoned by their owner/operator. Except for the Ketz River site discussed below, the Government is not aware of any financial obligations on its part in relation to these mine sites.

On April 10, 2015 Veris Gold Corporation abandoned the Ketz River mine site (“the site”). The site is identified as a Type II mine site in the DTA between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires that an Independent Assessor assess the condition of the site and develop a remediation plan. The Government is responsible for the cost of this assessment. Under the DTA, the Government of Canada accepted financial responsibility for the remediation of impacts attributable to activities that were permitted by the Government of Canada. The Government will be financially responsible for remediation of impacts of activities it permitted after devolution. The Government's costs, if any, may be offset by the security bond it holds. The financial obligations related to the assessment required under the DTA are estimated to be \$4,802,000 (2020 - \$4,857,000) and remediation costs, if any, which are the Government's responsibility, are currently undeterminable. No assets are designated for settling these liabilities.

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The following table presents the total estimated amounts of these liabilities as at March 31, 2021.

	2021		2020	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	36	\$ 10,835	36	\$ 10,913
Other storage tanks and buildings	52	8,653	52	9,215
Marwell Tar Pit	1	106	1	250
Wellgreen	1	4,803	1	5,000
Other	9	2,050	9	1,900
	<u>99</u>	<u>26,447</u>	<u>99</u>	<u>27,278</u>
Landfill sites	28	11,854	28	11,854
Type II sites	1	4,802	1	4,857
	<u>128</u>	<u>\$ 43,103</u>	<u>128</u>	<u>\$ 43,989</u>

¹ Contamination primarily includes petroleum hydrocarbons, salts and/or occasionally metals.

14. **Unearned revenues**

	2021	2020
	(thousands of dollars)	
Liability portion of government transfers	\$ 17,735	\$ 10,791
Motor vehicle fees for future years	2,554	2,091
Other	6,887	2,746
	<u>\$ 27,176</u>	<u>\$ 15,628</u>

The liability portion of government transfers represents transfer payments from the Government of Canada, which have funding stipulations that gave rise to a liability as of year-end.

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15. **Post-employment benefits and compensated absences**

(a) The Government of Yukon and Yukon Housing Corporation

Employees of the Government of Yukon and the Yukon Housing Corporation receive severance benefits that are paid on termination of service or upon retirement based on the number of years worked, the level of the pay at the time of termination or retirement and the category of employment. In addition, if an employee has at least five years of continuous service, a cash-in of sick leave will be paid. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The Government and the Yukon Housing Corporation have conducted actuarial valuations of post-employment benefits as at January 31, 2020. March 31, 2021 amounts are based on an extrapolation of the January 31, 2020 amounts. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Government and the Yukon Housing Corporation also account for compensated absences liabilities in accordance with Canadian public sector accounting standards. Compensated absences include special leave benefits and educational leave benefits.

Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers. All employees in this group are eligible to receive severance payouts based on service accrued prior to December 31, 2019. The plan amendment resulted in a gain to the plan of \$5,435,000. As there were no offsetting net unamortized actuarial losses, the full gain was recognized in net benefit cost for the year ended March 31, 2020.

Effective June 30, 2018 all current and retirement severance accruals were frozen for certain employees of the Government. All employees in this group are entitled to receive severance payouts based on service accrued prior to June 30, 2018.

Members of the Yukon Legislative Assembly receive a severance benefit in accordance with the *Legislative Assembly Retirement Allowance Act, 2007* (Yukon). The accrued benefit obligation is calculated actuarially using the projected benefit method prorated on service. The accrued benefit liability at March 31, 2021 is based on an extrapolation of an actuarial valuation that was performed as at March 31, 2020. The Government has designated a portion of its assets for the purpose of meeting this obligation (Note 8).

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(b) Yukon University/College

Yukon University/College's cost of benefit plans, other than pensions, including severance benefits, sick leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services. These post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. The actuarial valuation of the accrued benefit liability was performed as at June 30, 2019. March 31, 2021 amounts are based on an extrapolation of the June 30, 2019 amounts.

Yukon University/College accrues vacation leave and other compensated absences for employees as earned.

(c) Yukon Hospital Corporation

Employees of the Yukon Hospital Corporation are entitled to specified severance, special leave and sick leave benefits as provided for under union contracts and conditions of employment. There are no segregated assets for these post-employment benefits.

The Yukon Hospital Corporation accrues vacation leave as earned. This liability is included in accounts payable and accrued liabilities.

The accrued liabilities for the above benefits as of March 31, 2021 were as follows:

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Post-employment benefits and compensated absences liability		
Government of Yukon employees	\$ 124,108	\$ 116,497
Yukon University/College	10,030	8,264
Yukon Hospital Corporation	2,945	2,502
Yukon Housing Corporation	2,173	2,242
Members of Yukon Legislative Assembly	<u>891</u>	<u>690</u>
(Schedule D)	<u>\$ 140,147</u>	<u>\$ 130,195</u>

16. **Retirement benefits**

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. In December 2012, the Government of Canada passed legislation to create a new group of plan members for the employees who join the plan on or after January 1, 2013. This group of plan members is eligible to retire with an unreduced public service pension benefit at age 65 with at least two years of pensionable service (or at age 60 with at least 30 years of service) while the old group of members is eligible to retire with an unreduced public service pension benefit at age 60 with at least two years of pensionable service (or at age 55 with at least 30 years of service). Since January 1, 2013, there are two groups paying different rates of contributions to the plan.

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In the calendar year 2020, the Government contributed \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$173,000, the Government contributed \$3.80 for every dollar contributed by both groups of plan members.

In the calendar year 2021, the Government contributes \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members. For the portion of the employee's salary above \$181,600 the Government contributes \$3.59 for every dollar contributed by both groups of plan members.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$41,002,000 (2020 – \$38,752,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. These benefits are based on service and earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid (Note 8). It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

During the year, the investment management has transitioned to a new investment manager.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The last actuarial valuation for funding purposes was performed as of March 31, 2020. The accrued benefit obligation as at March 31, 2021 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2020.

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a defined benefit pension plan, which is comprised of a judiciary registered pension plan, a judiciary retirement compensation arrangement and a supplementary judiciary pension plan. In addition to pension payments, these plans also contain a provision for payment of lump sum death and severance allowances. The Plan is administered by the Public Service Commissioner in the meaning assigned by the *Public Service Act* (Yukon).

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Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for the judiciary registered pension plan and the judiciary retirement compensation arrangement are held separate and distinct from the Government's operations, and are managed by an investment manager. The *Territorial Court Judiciary Pension Plan Act* stipulates that no contributions are to be made to the supplementary judiciary pension plan, and no fund is to be maintained for this plan.

Actuarial valuations for the Territorial Court Judiciary Pension Plan for accounting and funding purposes were conducted using the membership data as at March 31, 2020.

(d) Yukon University/College Employees' Pension Plan

The Yukon University/College ("the University") Employees' Pension Plan is a contributory defined benefit pension plan. The University's pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees after 24 months of continuous service. The University's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the *Pension Benefits Standards Act, 1985* (Canada). The University has contracted with external organizations to provide the services of trustee, administration, consulting and investment manager for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

An actuarial valuation for accounting purposes was performed as at March 31, 2021 following Canadian public sector accounting standards. An actuarial valuation for funding purposes was performed as at June 30, 2020, which established Yukon University/College's required contributions as 100.4% (June 30, 2019 – 94.3%) of employee contributions.

The actuarial valuation for funding purposes as at June 30, 2020 indicates the University had an actuarial surplus of \$16,006,000 (June 30, 2019 – \$19,587,000) at the measurement date on a going-concern basis and a deficit of \$21,014,000 (June 30, 2019 – \$11,296,000) if valued on the basis that the pension plan was to be terminated/wound up as at June 30, 2020. The solvency ratio of the plan was 86.3% at June 30, 2020 (92.0% at June 30, 2019).

For any unfunded pension liability, the University has obtained a letter of credit in lieu of making solvency payments. The amount of the letter of credit is equal to the amount of solvency payments required as determined by the actuary. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by Yukon University/College to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee remains in effect until December 31, 2021. The maximum amount of letters of credit to which this guarantee applies will be \$21,357,000 (2020 – \$20,739,000).

(e) Yukon Hospital Corporation Employees' Pension Plan

The Yukon Hospital Corporation ("the Corporation") Employees' Pension Plan is a contributory defined benefit pension plan, which provides defined retirement benefits based on the length of service and final average earnings of an employee, and is administered by the Corporation's Board of Trustees. A separate pension fund is maintained to hold plan assets. The Corporation has contracted with external organizations to provide trustee and investment management services for the fund.

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An actuarial valuation for funding purposes was performed at December 31, 2020, which established the Corporation's required contribution as 113% (2019 – 112%) of employee contributions. This valuation reported that, as at December 31, 2020, the pension plan had a surplus of \$45,866,000 (2019 – \$36,997,000) on a going concern basis, and a deficit of \$43,308,000 (2019 – \$31,970,000) if valued on the basis that the pension plan was to be terminated/wound up. The solvency ratio of the plan at December 31, 2020 is 82% (84% at December 31, 2019).

In accordance with the *Pension Benefits Standards Act, 1985* (Canada), the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined as \$6,904,000 over the 2021 calendar year (2020 - \$4,940,000). The Corporation is permitted to cover up to a specified maximum of 15% of the solvency liability with a conforming letter of credit. During the fiscal year, the Corporation entered into letters of credit totaling \$26,907,000 (2020 – \$26,508,000) related to solvency deficiency payments. The Government has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letters of credit required by the Corporation to address its solvency deficit in its pension plan, the Government will provide the necessary financial support to address any resulting debt, interest and costs that may be required under the federal pension legislation. This guarantee was in effect from June 30, 2020 to June 30, 2021 and the maximum amount of letters of credit to which this guarantee applied was \$26,508,000 (2020 - \$26,508,000). In June 2021, this guarantee was renewed to a maximum of \$35,464,000 for the June 30, 2021 to June 30, 2022 period. There is an overlap between the letters of credit time periods and the fiscal years.

An actuarial valuation for accounting purposes was performed as at March 31, 2021 following Canadian public sector accounting standards.

(f) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation as at March 31, 2021 is based on an extrapolation of an actuarial valuation conducted as at January 31, 2020. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Effective for all employees retiring after January 1, 2019 the cost sharing arrangement for extended health benefits was revised. Existing retirees and those retiring prior to January 1, 2019 are not impacted by the change.

Effective April 1, 2020, the eligibility for post-retirement life insurance was amended through changes to Section M, the terms and conditions of employment for managers. Managers appointed to MG3 or higher positions prior to April 1, 2020 retain their eligibility for post-retirement life insurance on retirement. Management employees newly appointed at the MG3 level or higher as of April 1, 2020 will not be eligible for post-retirement life insurance.

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The accrued benefit liability/asset for the above retirement benefits as of March 31, 2021 was as follows:

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 69,608	\$ 64,307
Legislative Assembly Retirement Allowances Plan	28,726	27,030
Territorial Court Judiciary Pension Plan	8,499	7,531
Life insurance retirement benefit	<u>3,465</u>	<u>3,204</u>
	<u>110,298</u>	<u>102,072</u>
Accrued benefit asset		
Yukon University/College Employees' Pension Plan	\$ 20,529	\$ 18,276
Yukon Hospital Corporation Employees' Pension Plan	<u>51,339</u>	<u>53,149</u>
	<u>71,868</u>	<u>71,425</u>
Total net benefit liability (Schedule E)	<u>\$ 38,430</u>	<u>\$ 30,647</u>

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17. **Borrowings**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Yukon Hospital Corporation – loans with a chartered bank. (see below)	\$ 26,271	\$ 29,810
Yukon Housing Corporation – mortgages payable to chartered banks and Canada Mortgage and Housing Corporation (CMHC), secured by fixed charges against housing projects, with net book value of \$2,259,000 (2020 – \$2,317,000), repayable in blended monthly payments with maturities up to the year 2028, bearing fixed interest rates ranging from 1.99% to 2.81%.	1,089	1,462
Yukon University/College – non-interest bearing loan repayable on demand within 90 days.	996	996
Yukon Housing Corporation – loans payable to chartered banks and CMHC, repayable in blended periodic instalments with maturities up to the year 2028, bearing fixed interest rates ranging from 7.50% to 9.50%.	624	719
Yukon Hospital Corporation – flexible term note payable to the Yukon Development Corporation, bearing interest rate at 7.50% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of \$60,000 (2020 – \$89,000).	85	85
	<u>\$ 29,065</u>	<u>\$ 33,072</u>
Less: Amounts included in Due to Canada (Note 5)	<u>(1,713)</u>	<u>-</u>
	<u>\$ 27,352</u>	<u>\$ 33,072</u>

Principal repayment requirements over the next five years on outstanding borrowings are as follows:

(thousands of dollars)

2022	\$ 5,201
2023	4,258
2024	4,180
2025	4,258
2026	4,423
Thereafter	<u>6,745</u>
	<u>\$ 29,065</u>

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Yukon Hospital Corporation – loans with a chartered bank

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.15% per annum for the Watson Lake Hospital construction project. Blended payments of \$160,000 due monthly with the final payment due on December 31, 2026.	\$ 9,521	\$ 10,909
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 4.525% per annum for the Dawson City Hospital construction project. Principal payments of \$100,000 due monthly with the final payment due on April 1, 2028.	8,500	9,700
Demand term installment loan with the CIBC with interest calculated at a fixed rate of 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117,000 due monthly with the final payment due on March 15, 2028.	8,250	9,201
	<u>\$ 26,271</u>	<u>\$ 29,810</u>

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Borrowing Limit

The *Yukon Borrowing Limits Regulations* prescribe what constitutes borrowing, the entities whose borrowing must be taken into account, and the manner in which the value of a borrowing is determined.

An Order in Council (P.C. 2012-280) came into force on March 8, 2013. These regulations pursuant to subsection 23(2) of the *Yukon Act* (Canada) provided authority to the Government and its entities to borrow in aggregate to a maximum of \$400 million.

On September 20, 2020, the Government of Canada repealed, pursuant to subsection 23(4) of the *Yukon Act* (Canada), Order in Council (P.C. 2012-280) and issued Order in Council (P.C. 2020-0663), setting the maximum amount of the aggregate of all borrowing at \$800 million.

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Authorized borrowing limit	\$ 800,000	\$ 400,000
Loans of money by government reporting entity:		
Government business enterprises		
Yukon Development Corporation, bonds	100,000	100,000
Yukon Development Corporation, other long-term debt	<u>68,577</u>	<u>66,231</u>
	<u>168,577</u>	<u>166,231</u>
Fully consolidated entities		
Yukon Hospital Corporation, bank loans	26,271	29,810
Yukon Housing Corporation, mortgages payable	1,089	1,462
Yukon University/College, loan payable	996	996
Yukon Housing Corporation, loans payable	<u>624</u>	<u>719</u>
	<u>28,980</u>	<u>32,987</u>
Accrued interest payable	1,263	1,266
Credit facilities used	33,314	23,807
Capital lease obligation	<u>3,096</u>	<u>4,144</u>
Total debt	<u>235,230</u>	<u>228,435</u>
Available borrowing capacity	<u>\$ 564,770</u>	<u>\$ 171,565</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

18. **Liabilities for leased tangible capital assets**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 1,348	\$ 1,970
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	1,062	1,285
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	686	889
	<u>\$ 3,096</u>	<u>\$ 4,144</u>

Interest expense related to liabilities for leased tangible capital assets for the year was \$174,000 (2020 – \$196,000) at an imputed average interest rate of 3.6% (2020 – 3.1%).

The following is a schedule of future minimum lease payments under the liabilities for leased tangible capital assets:

	(thousands of dollars)
2022	\$ 1,863
2023	1,873
2024	725
2025	<u>536</u>
Total minimum lease payments	4,997
Less: amount representing executory costs	(1,262)
amount representing rental of land	(509)
amount representing interest	<u>(130)</u>
	<u>\$ 3,096</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

19. **Financial instruments**

The balances in cash and cash equivalents, due to/from Government of Canada with the exception of amounts due to CMHC (Note 17), accounts receivable, advances to government business enterprises, and accounts payable and accrued liabilities have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's other financial instruments are detailed below:

	2021		2020	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	(thousands of dollars)			
Temporary investments	\$ 1,619	\$ 1,619	\$ 1,264	\$ 1,261
Portfolio investments				
Marketable securities	\$ 39,360	\$ 39,404	\$ 33,816	\$ 37,006
Loans receivable				
Mortgages receivable, net of valuation allowance	\$ 38,931	\$ 37,556	\$ 39,606	\$ 39,772
Other loans receivable, net of valuation allowance	52,664	52,661	33,089	32,896
	<u>\$ 91,595</u>	<u>\$ 90,217</u>	<u>\$ 72,695</u>	<u>\$ 72,668</u>
Borrowings				
Demand term installment loan	\$ 29,411	\$ 26,271	\$ 34,178	\$ 29,810
Mortgages payable	825	1,089	1,184	1,462
Loans payable	1,651	1,620	1,751	1,715
Other	85	85	102	85
	<u>\$ 31,972</u>	<u>\$ 29,065</u>	<u>\$ 37,215</u>	<u>\$ 33,072</u>

An active and established market exists for the temporary and portfolio investments. Consequently, the estimated fair value is calculated using observed market data.

Since the above valuation is based on market information available at March 31, 2021, the fair value of the investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

The estimated fair values of loans receivable were determined using the present value of future cash flows discounted at the March 31, 2021 average market rate for mortgages and loans with similar maturities. Until settled, the fair value of loans receivable will fluctuate based on changes in interest rates. The Government believes the carrying amount of loans receivable will be fully recovered.

The estimated fair value for borrowings is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

20. **Tangible capital assets**

	<u>2021</u>	<u>2020</u>
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 19,575	\$ 19,575
Buildings	755,184	764,043
Equipment and vehicles	102,565	96,582
Computer hardware and software	46,450	39,556
Transportation infrastructure	659,758	642,427
Land improvements and fixtures	46,504	42,405
Sewage and water systems	48,800	50,278
Other	<u>14,181</u>	<u>13,513</u>
(Schedule C)	<u>\$ 1,693,017</u>	<u>\$ 1,668,379</u>

Leased tangible capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$991,000 (2020 – \$1,038,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	<u>141</u>	<u>141</u>
	10,048	10,048
Less accumulated amortization	<u>(7,415)</u>	<u>(6,424)</u>
	<u>\$ 2,633</u>	<u>\$ 3,624</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

21. **Expenses by object**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Personnel	\$ 692,196	\$ 645,876
Government transfers	350,247	274,018
Contract and special services	249,657	249,480
Materials, supplies and utilities	144,055	133,404
Amortization expenses	80,061	75,211
Communication and transportation	35,605	46,976
Rent	47,590	46,072
Interest on long-term debt and capital lease obligations	1,752	1,890
Other	11,374	7,202
	<u>\$ 1,612,537</u>	<u>\$ 1,480,129</u>

22. **Trusts under administration**

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year-end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. At March 31, 2021, the remaining trust account balances were held in bank accounts or invested in term deposits and GICs.

Investments of the Compensation Fund (Yukon) are valued at fair value. Investments of the remainder of the trust accounts are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash. The following is a summary of the trusts under administration as at March 31, 2021, except for the Compensation Fund (Yukon) which is at December 31, 2020.

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 250,799	\$ 237,564
Federal Gas Tax Funds under the New Deal	107,999	97,775
Lottery Commission	8,984	8,144
Crime Prevention and Victim Services	7,373	6,955
Forest Sector trust	6,044	5,991
Extended health and dental plan trust funds	5,599	2,906
Supreme Court trust	1,379	1,379
Public Guardian trust	1,516	1,316
Other	3,994	3,482
	<u>\$ 393,687</u>	<u>\$ 365,512</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

23. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2021:

	<u>Expiry Date</u>	<u>2022</u>	<u>2023 – 2031</u>	<u>Total</u>
		(thousands of dollars)		
Contribution and Service Agreements				
Infrastructure Canada	2031	\$ 92,004	\$ 675,829	\$ 767,833
Transport Canada	2029	15,462	97,921	113,383
Canada Mortgage and Housing Corporation	2030	8,066	50,602	58,668
Crown-Indigenous Relations and Northern Affairs	2022	26,235	436	26,671
Environment and Natural Resources	2024	9,887	15,387	25,274
Innovation, Science and Economic Development	2023	6,684	21,684	28,368
French Language Service Agreement	2025	5,500	17,250	22,750
Employment and Social Development	2025	2,766	9,264	12,030
RCMP: Mobile Radio Network	2026	2,168	6,504	8,672
Health Canada	2022	1,660	-	1,660
Canadian Heritage	2023	2,583	2,583	5,166
Justice Canada	2023	1,181	1,181	2,362
Other	2025	5,408	10,117	15,525
		<u>\$ 179,604</u>	<u>\$ 908,758</u>	<u>\$1,088,362</u>

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

24. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2021:

	Expiry Date	2022	2023 – 2046	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 25,686	\$ 282,546	\$ 308,232
Capital projects				
- in progress at March 31, 2021	2027	162,192	64,633	226,825
Building/office space leases	2029	10,658	19,078	29,736
NorthwesTel Inc. mobile radio network system	2025	3,861	6,887	10,748
Yukon Hospital Corporation – medical equipment maintenance	2025	6,626	4,270	10,896
Alkan Air Ltd. medical evacuation contract	2023	3,578	-	3,578
Conair Group Inc. air tanker services (turbine engines)	2023	2,155	2,060	4,215
Air Spray (1967) Ltd. Air tanker services	2023	1,932	1,976	3,908
Information Services Corporation	2040	426	3,610	4,036
Miscellaneous operational commitments	2045	<u>37,812</u>	<u>9,528</u>	<u>47,340</u>
		<u>\$254,926</u>	<u>\$394,588</u>	<u>\$649,514</u>

25. **Overexpenditure**

Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that “a vote does not authorize any payment to be made in excess of the amount specified in the vote”. During the year, no (2020 – two) departments exceeded their votes with a total of \$0 (2020 - \$7,612,000).

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, two (2020 – one) departments exceeded the authorized amounts as follows:

	(thousands of dollars)
Health and Social Services	
- COVID CERB Exemption	\$ 1,103
- Yukon seniors’ income supplement	39
- Social Assistance - Whitehorse	9
Finance	
- Workers’ compensation supplementary benefits	\$ 34

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2021

26. Guarantees

The Government has guaranteed repayment of loans payable by the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$nil (2020 – \$23,807,000).

At March 31, 2021, the Yukon Development Corporation had long-term debt of \$203,000,000 (2020 – \$203,000,000) (Note 11(a)) and a credit facility of up to \$43,500,000. While the Government has not issued guarantees for these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government. Except for the amounts committed as described in note 11(d), it is expected that no significant costs will be incurred by the Government with respect to any guarantees and debts.

27. Land claims

Between February 1995 and March 31, 2021, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The bilateral funding agreement with the Government of Canada that had been in place since June 24, 1993 and which provided funding towards the Government's additional implementation costs expired on March 31, 2009. However, there are no additional costs for the Government as all of the existing funding commitments are captured elsewhere, either through a specific funding agreement with the Government of Canada or as a component of the base funding received by the Government. The specific implementation costs include Board and Council funding arising from the various Final Agreement Implementation Plans and other negotiated funding amounts.

28. Contingencies

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2021, the amounts claimed, excluding the claims from Northern Cross (Yukon) Ltd., which are described below, is \$5,793,000 (2020 – \$6,538,000). No provision for these claims has been made as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

On April 4, 2017, Northern Cross (Yukon) Ltd. ("Northern Cross") filed a Statement of Claim in the Supreme Court of Yukon against the Government and the Minister of Energy, Mines and Resources. Northern Cross identified a number of causes of action although all of these are based upon its allegation that due to the moratorium on hydraulic fracturing Northern Cross' exploration rights in the Eagle Plains area have been adversely affected. The claim seeks up to \$2.26 billion which is comprised of \$395 million for refund of work deposits, application fees, rental amounts, sunk costs and interest and \$1.86 billion in damages for loss of opportunity of 8.6 billion barrels of oil, at fair market value, identified as being in the area through a resource evaluation. On April 12, 2017, Northern Cross changed its name to Chance Oil and Gas Limited. No provision for this claim has been made as it is undeterminable that a liability exists at the date of the financial statements.

GOVERNMENT OF YUKON

Notes to Consolidated Financial Statements March 31, 2021

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000, which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government has legal liability and property insurance with a \$2,000,000 deductible. In 2020/2021, the Government paid \$253,000 (2020 – \$299,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,660,000 as at March 31, 2021 (2020 – \$1,521,000). This amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2021 was \$5,000,000 (2020 – \$5,000,000).

In addition to the environmental liabilities discussed in Note 13, there may be other instances of contamination that have not yet been identified for which the Government may be obligated to incur remediation costs. No liability has been recognized for these instances of contamination as the future costs of remediation and the Government's obligation to incur these costs are undeterminable at the date of the financial statements.

Yukon Zinc Corporation ("Yukon Zinc"), as the owner of the Wolverine Mine, is responsible for the future reclamation and closure of the mine site. Pursuant to the Quartz Mining Act (Yukon), Yukon Zinc was required to provide a total of \$35,549,000 as financial security. That amount was determined when the Government commissioned a costing review exercise for the Yukon Zinc Wolverine Mine Reclamation and Closure Plan, the report was received December 12, 2017. The objective of this costing review was to confirm the activities and associated costs required during temporary and permanent closure, in accordance with Wolverine Mine's operating licenses and other regulatory requirements. Yukon Zinc has only provided \$10,589,000 as security to date. The Government has unsuccessfully attempted to collect the outstanding financial security from Yukon Zinc.

On September 16, 2019, the Yukon Supreme Court ordered Yukon Zinc be put into receivership. Beginning in the 2019-20 fiscal year, the Government has carried out necessary care and maintenance work, including contaminated water treatment, on behalf of Yukon Zinc, expending all of the \$10,589,000 accessible to it from the financial security. On May 26, 2020, the Yukon Supreme Court ruled that the Government's claim to additional monies from the assets of Yukon Zinc ranks in priority above any other claim, right, charge or security against the Wolverine Mine. This ruling was appealed by Yukon Zinc and another creditor hence the liquidation of Yukon Zinc's assets including the mine site is currently on hold subject to ongoing litigation. The court appointed receiver is attempting to find a buyer for the mine. In the event that the Wolverine Mine ultimately becomes abandoned, the Government will likely be required to assume the remediation responsibility of the site as the mining activities at the Wolverine Mine occurred post-devolution. While there is a reliable estimate of future remediation costs in relation to the Wolverine Mine, the outcome of the receivership process is not determinable at the date of the financial statement preparation; hence, no liability has been recognized.

GOVERNMENT OF YUKON

**Notes to Consolidated Financial Statements
March 31, 2021**

29. **Subsequent events**

The outbreak of COVID-19 in early 2020 caused global disruption and economic slowdown. In response to the pandemic, the Government, with support from the Government of Canada, implemented various initiatives and programs to assist individuals, businesses, and industries. Significant government supports include public health measures, aviation supports, tourism relief recovery and other economic relief and financial support programs. In summer 2021, the Territory experienced a serious outbreak that demonstrated that the impacts of COVID-19 are ongoing. At this time, it is not possible to reliably estimate the length and severity of the pandemic and its economic impacts. The Government is continuing to monitor and assess the impacts; a number of supports noted above have already been extended into 2022.

30. **Comparative figures**

Certain comparative figures for 2020 have been reclassified to conform with the 2021 presentation.

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GOVERNMENT OF YUKON

Schedule A

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 2021**

	2021		2020
	Budget	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing Grant	\$ 1,055,000	\$ 1,054,979	\$ 997,412
Other grants	61,663	149,429	62,346
Contributions and service agreements	191,283	192,202	165,433
	<u>1,307,946</u>	<u>1,396,610</u>	<u>1,225,191</u>
Taxes and general revenues			
Income taxes	94,021	95,130	100,889
Other taxes			
Tobacco tax	12,912	13,584	13,216
Fuel oil tax	9,639	7,004	9,780
Liquor tax	4,955	4,979	4,965
General property tax	5,797	4,877	4,854
Insurance premium tax	3,959	3,765	3,296
Grant in lieu of property tax	233	225	226
Licences, permits and fees	22,087	26,379	19,937
Sale of land	22,536	35,648	18,957
Investment and interest revenue	8,406	4,381	8,296
Hospital revenues	5,461	2,035	2,688
Resource revenue - mineral, oil and gas and forestry	2,155	903	1,660
Aviation operations	1,448	17	1,295
Income from portfolio investments	-	1,495	1,326
Fines	568	392	435
Other revenues	272	5,295	4,181
	<u>194,449</u>	<u>206,109</u>	<u>196,001</u>
Funding and service agreements with other parties	<u>56,802</u>	<u>32,947</u>	<u>49,178</u>
Income (loss) from investment in government business enterprises			
Yukon Liquor Corporation	8,871	8,236	9,615
Yukon Development Corporation	5,000	9,947	(4,050)
	<u>13,871</u>	<u>18,183</u>	<u>5,565</u>
	<u>\$ 1,573,068</u>	<u>\$ 1,653,849</u>	<u>\$ 1,475,935</u>

GOVERNMENT OF YUKON

Schedule B

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2021**

	Health and Social Services		Community and Transportation		Education		General Government ¹		Natural Resources	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(thousands of dollars)									
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,054,979	\$ 997,412	\$ -	\$ -
Formula financing grant										
Other transfers from Government of Canada	89,113	41,308	117,830	68,923	14,657	19,301	92,837	75,570	15,800	17,160
Taxes and general revenues	11,965	13,905	62,030	39,587	6,241	5,596	127,896	139,667	2,949	4,125
Funding and service agreements	7,204	10,687	7,055	23,074	7,899	17,013	4,529	1,538	5,783	5,082
Income (loss) from investments in government business enterprises	-	-	9,947	(4,050)	-	-	8,236	9,615	-	-
	108,282	65,900	196,862	127,534	28,797	41,910	1,288,477	1,223,802	24,532	26,367
Expenses (Note 21)										
Personnel	227,346	202,826	80,649	81,705	152,474	144,412	124,622	113,275	54,594	53,527
Contracts, materials and other	161,343	154,955	141,218	120,361	30,408	36,252	77,836	84,796	33,631	41,155
Government transfers	105,063	97,781	143,531	113,462	19,427	29,664	29,505	8,451	12,039	10,857
Amortization expenses	16,931	15,554	42,440	40,845	8,757	8,280	6,812	5,636	1,099	979
Interest on long-term debt and capital lease obligations	1,496	1,595	82	99	-	-	174	196	-	-
	512,179	472,711	407,920	356,472	211,066	218,608	238,949	212,354	101,363	106,518
Recovery of prior years' expenses	257	196	252	988	(2)	74	164	76	48	113
Surplus (deficit) for the year	\$ (403,640)	\$ (406,615)	\$ (210,806)	\$ (227,950)	\$ (182,271)	\$ (176,624)	\$ 1,049,692	\$ 1,011,524	\$ (76,783)	\$ (80,038)

¹ Includes the legislature, tax collection and administration, Formula Financing and other grants from the federal government, liquor profits, general administration and central agency services such as building maintenance, Public Service Commission, finance and IT services to government departments and organizations.

GOVERNMENT OF YUKON

Schedule B
Continued

**Consolidated Schedule of Operations by Function
for the year ended March 31, 2021**

	Justice		Business, Tourism and Culture		Adjustments ²		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	(thousands of dollars)							
Revenues								
Formula financing grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,054,979	\$ 997,412
Other transfers from Government of Canada	5,999	5,237	5,395	280			341,631	227,779
Taxes and general revenues	997	1,042	9	157	(5,978)	(8,078)	206,109	196,001
Funding and service agreements	637	466	372	388	(532)	(9,070)	32,947	49,178
Income (loss) from investments in government business enterprises	-	-	-	-	-	-	18,183	5,565
	<u>7,633</u>	<u>6,745</u>	<u>5,776</u>	<u>825</u>	<u>(6,510)</u>	<u>(17,148)</u>	<u>1,653,849</u>	<u>1,475,935</u>
Expenses (Note 21)								
Personnel	35,531	32,871	16,980	17,275	-	(15)	692,196	645,876
Contracts, materials and other	35,383	37,081	10,727	14,205	(2,266)	(5,671)	488,280	483,134
Government transfers	6,300	5,930	38,627	19,335	(4,244)	(11,462)	350,248	274,018
Amortization expenses	2,857	2,792	1,165	1,125	-	-	80,061	75,211
Interest on long-term debt and capital lease obligations	-	-	-	-	-	-	1,752	1,890
	<u>80,071</u>	<u>78,674</u>	<u>67,499</u>	<u>51,940</u>	<u>(6,510)</u>	<u>(17,148)</u>	<u>1,612,537</u>	<u>1,480,129</u>
Recovery of prior years' expenses	233	57	144	48	-	-	1,096	1,552
Surplus (deficit) for the year	\$ (72,205)	\$ (71,872)	\$ (61,579)	\$ (51,067)	\$ -	\$ -	\$ 42,408	\$ (2,642)

² To eliminate inter-segment transactions that are measured at the carrying amount.

**Consolidated Schedule of Tangible Capital Assets
for the year ended March 31, 2021**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2021 Total	2020 Total
	(thousands of dollars)									
Cost of tangible assets, opening	\$ 19,575	\$ 1,204,665	\$ 203,717	\$ 99,652	\$ 1,078,024	\$ 54,534	\$ 63,799	\$ 20,498	\$ 2,744,464	\$ 2,633,171
Acquisitions	-	25,650	18,515	12,457	41,769	4,485	1,490	2,975	107,341	117,961
Write-downs	-	(2,163)	-	-	-	-	-	-	(2,163)	(12)
Disposals	-	(685)	(1,032)	(17)	(553)	-	-	-	(2,287)	(6,656)
Cost of tangible assets, closing	19,575	1,227,467	221,200	112,092	1,119,240	59,019	65,289	23,473	2,847,355	2,744,464
Accumulated amortization, opening	-	440,623	107,147	60,098	435,595	11,036	13,519	8,067	1,076,085	1,006,770
Amortization expense	-	31,870	12,516	5,561	24,440	1,479	2,970	1,225	80,061	75,211
Disposals	-	(210)	(1,028)	(17)	(553)	-	-	-	(1,808)	(5,896)
Accumulated amortization, closing	-	472,283	118,635	65,642	459,482	12,515	16,489	9,292	1,154,338	1,076,085
Net book value (Note 20)	\$ 19,575	\$ 755,184	\$ 102,565	\$ 46,450	\$ 659,758	\$ 46,504	\$ 48,800	\$ 14,181	\$ 1,693,017	\$ 1,668,379
Work in progress ¹	\$	13,702	\$ 2,924	\$ 23,858	\$ 44,410	\$ 5,307	\$ 6,971	\$ 602	\$ 97,774	\$ 107,792

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2021**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon University/ College	Yukon Hospital Corporation	2021 Total	2020 Total
(thousands of dollars)							
Accrued benefit obligation							
Obligation at beginning of year	\$ 116,443	\$ 777	\$ 1,762	\$ 6,457	\$ -	\$ 125,439	\$ 130,882
Current service costs	12,605	142	199	941	-	13,887	13,224
Plan amendment	-	-	-	-	-	-	(5,587)
Interest cost on benefit obligation	4,669	37	71	187	-	4,964	4,529
Actuarial (gain) loss	3,763	23	420	-	-	4,206	(3,625)
Past service cost	-	-	196	-	-	196	-
Benefits paid	(9,777)	-	(519)	(397)	-	(10,693)	(13,984)
Accrued benefit obligation at end of year	127,703	979	2,129	7,188	-	137,999	125,439
Unrecognized net actuarial (loss) gain	(4,120)	(88)	44	(214)	-	(4,378)	255
Accrued benefit liability	123,583	891	2,173	6,974	-	133,621	125,694
Liabilities that are not included in actuarial valuation	525	-	-	3,056	2,945	6,526	4,501
Post-employment benefits and compensated absences (Note 15)	124,108	891	2,173	10,030	2,945	140,147	130,195
Net benefit cost							
Current service cost	12,605	142	199	941	-	13,887	13,224
Interest cost on benefit obligation	4,669	37	71	187	-	4,964	4,529
Past service costs	-	-	196	-	-	196	-
Amortization of net actuarial (gain) loss	64	22	(16)	-	-	70	403
Plan amendment	-	-	-	-	-	-	(5,435)
Net cost for the year	\$ 17,338	\$ 201	\$ 450	\$ 1,128	\$ -	\$ 19,117	\$ 12,721

GOVERNMENT OF YUKON

Schedule D
Continued

**Consolidated Schedule of Post-employment Benefits and Compensated Absences
for the year ended March 31, 2021**

	Government of Yukon Employees	Members of Yukon Legislative Assembly	Yukon Housing Corporation	Yukon University	Yukon Hospital Corporation
Key Assumptions					
Discount rate on benefit costs	3.80%	4.40%	3.80%	2.75%	N/A
Discount rate on accrued benefit obligation at end of year	3.20%	3.70%	3.20%	2.75%	N/A
Rate of compensation increase	see below ²	2.50%	see below ²	See below ¹	N/A
Amortization period (expected average remaining service life)	12.5 years	3.0 years	11.6 years	11.0 years	N/A

¹ For 10 years 2.75%, thereafter 3.25%

²Based on the annual rates from the Public Service Pension Plan ("PSPP") March 31, 2017 valuation report.

GOVERNMENT OF YUKON

Schedule E

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2021**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon University Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2021 Total	2020 Total
(thousands of dollars)								
Pension and retirement plan assets are valued at fair market value.								
Accrued benefit obligation								
Obligation at beginning of year	\$ 37,454	\$ 12,906	\$ 73,689	\$ 4,111	\$ 87,144	\$ 104,494	\$ 319,798	\$ 308,529
Current service costs	1,614	541	3,010	67	4,717	5,778	15,727	15,031
Transfers in/service buyback	-	-	-	-	-	267	267	-
Plan amendment	1,651	606	2,884	158	4,858	6,327	16,484	15,489
Interest cost on benefit obligation	3,268	1,408	5,189	770	3,522	(2,642)	11,515	(6,885)
Actuarial (gain) loss	(1,486)	(485)	(1,575)	(130)	(4,663)	(4,133)	(12,472)	(12,156)
Benefits paid	-	-	-	-	(516)	-	(516)	(210)
Administration expenses	-	-	-	-	-	-	-	-
Accrued benefit obligation at end of year	42,501	14,976	83,197	4,976	95,062	110,091	350,803	319,798
Plan assets - valued at fair market value								
Value at beginning of year	8,348	3,980	-	-	112,402	127,640	252,370	257,777
Actual return on plan assets	1,323	576	-	-	21,174	39,456	62,529	(9,390)
Employer contributions	368	366	1,575	130	1,812	3,549	7,800	10,552
Member contributions	172	61	-	-	2,295	2,876	5,404	4,949
Transfers in/service buyback	(309)	(485)	(1,575)	(130)	(4,663)	(4,133)	(11,295)	(11,002)
Benefits paid	-	-	-	-	(516)	(289)	(805)	(516)
Actual plan expenses	-	-	-	-	-	-	-	-
Value at end of year	9,902	4,498	-	-	132,504	169,366	316,270	252,370
Funded status - plan deficit (surplus)	32,599	10,478	83,197	4,976	(37,442)	(59,275)	34,533	67,427
Unrecognized net actuarial (loss) gain	(3,873)	(1,979)	(13,589)	(1,511)	16,913	7,936	3,897	(36,780)
Accrued benefit liability (asset) (Note 16)	\$ 28,726	\$ 8,499	\$ 69,608	\$ 3,465	\$ (20,529)	\$ (51,339)	\$ 38,430	\$ 30,647

GOVERNMENT OF YUKON

Schedule E
Continued

**Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2021**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon University Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2021 Total	2020 Total
Net benefit cost								
Current service cost	\$ 1,614	\$ 541	\$ 3,010	\$ 67	\$ 4,717	\$ 6,135	\$ 16,084	\$ 15,355
Less: Member contributions	(172)	(61)	-	-	(2,295)	(2,876)	(5,404)	(4,949)
Interest cost on benefit obligation	1,651	606	2,884	158	4,858	6,327	16,484	15,489
Expected return on plan assets	(372)	(182)	-	-	(4,470)	(7,727)	(12,751)	(14,789)
Amortization of net actuarial (gain) loss	520	430	981	166	85	3,500	5,682	2,363
Net cost for the year	\$ 3,241	\$ 1,334	\$ 6,875	\$ 391	\$ 2,895	\$ 5,359	\$ 20,095	\$ 13,469

(thousands of dollars)

Key Assumptions

Expected long term rate of return on assets at beginning of year	4.40%	4.60%	N/A	N/A	5.30%	6.00%		
Discount rate on benefit costs	4.40%	4.60%	3.80%	3.80%	5.30%	6.00%		
Discount rate on accrued benefit obligation at end of year	3.70%	3.80%	3.20%	3.20%	5.30%	6.00%		
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%		
Rate of compensation increase	2.50%	3.00%	see below ²	see below ²	3.40%	2.50%		
Health care cost trend rate	N/A	N/A	see below ³	N/A	N/A	N/A		
Amortization period (expected average remaining service life)	4.0 years	2.7 years	12.5 years	9.3 years	10.0 years	8.9 years		

¹ Includes \$357,000 for provision of administrative expenses.

² Based on the annual rates from the Public Service Pension Plan ("PSPPP") March 31, 2017 valuation report.

³ 5.9% per annum for 2020-2024, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.

PART THREE
NON-CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER INFORMATION

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SECTION I
Government of Yukon
Non-Consolidated Financial Statements
(unaudited)

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GOVERNMENT OF YUKON

**Non-Consolidated Statement of Financial Position
as at March 31, 2021**

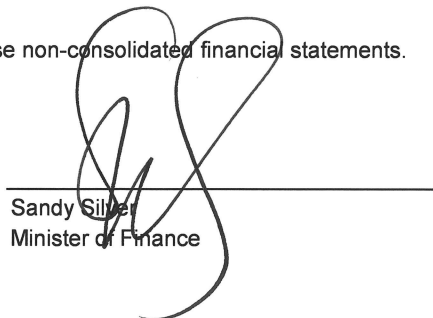
	2021	2020
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	\$ 63,886	\$ 51,120
Temporary investments (Note 4)	800	1,261
Due from Government of Canada (Note 5)	131,310	80,776
Accounts receivable (Note 6)	17,069	22,167
Portfolio investments (Note 7)	34,589	32,948
Advances to Territorial corporations (Note 9)	84,692	79,435
Loans receivable (Note 10)	55,727	36,479
Land inventory (Note 11)	63,545	77,445
	<u>451,618</u>	<u>381,631</u>
Liabilities		
Due to Government of Canada (Note 5)	39,966	29,411
Accounts payable and accrued liabilities (Note 12)	164,137	122,243
Environmental liabilities (Note 13)	42,887	43,774
Unearned revenues (Note 14)	13,849	10,173
Post-employment benefits and compensated absences (Note 15)	124,999	117,187
Retirement benefits (Note 16)	110,298	102,072
Liabilities for leased tangible capital assets (Note 17)	3,096	4,144
	<u>499,232</u>	<u>429,004</u>
Net financial assets (debt)	<u>(47,614)</u>	<u>(47,373)</u>
Non-financial assets		
Tangible capital assets (Note 19)	1,428,413	1,408,992
Inventories of supplies	6,487	6,911
Prepaid expenses	2,853	2,329
	<u>1,437,753</u>	<u>1,418,232</u>
Accumulated surplus	<u>\$ 1,390,139</u>	<u>\$ 1,370,859</u>
Contingencies, contractual rights and obligations, commitments and guarantees (Notes 13, 22, 23, 24, 26, 27, and 28)		

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

Approved:



D. Scott Thompson
Deputy Minister of Finance



Sandy Silver
Minister of Finance

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Operations and Accumulated Surplus
for the year ended March 31, 2021**

	2021		2020
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Government of Canada			
Formula Financing grant	\$ 1,055,000	\$ 1,054,979	\$ 997,412
Other grants	61,663	149,429	62,346
Contributions and service agreements	188,546	184,617	161,279
Taxes and general revenues	190,556	196,249	196,217
Funding and service agreements with other parties	30,106	24,299	28,632
	<u>1,525,871</u>	<u>1,609,573</u>	<u>1,445,886</u>
Expenses (Note 20 and Schedule B)	<u>1,521,765</u>	<u>1,591,382</u>	<u>1,450,344</u>
Recovery of prior years' expenses	<u>-</u>	<u>1,089</u>	<u>1,496</u>
Surplus (deficit) for the year	<u>\$ 4,106</u>	19,280	(2,962)
Accumulated surplus at beginning of year		<u>1,370,859</u>	<u>1,373,821</u>
Accumulated surplus at end of year		<u>\$ 1,390,139</u>	<u>\$ 1,370,859</u>

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Change in Net Financial Assets (Debt)
for the year ended March 31, 2021**

	2021		2020
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus (deficit) for the year	\$ 4,106	\$ 19,280	\$ (2,962)
Effect of change in tangible capital assets			
Acquisitions	(95,666)	(87,721)	(106,024)
Amortization of tangible capital assets	63,150	65,867	62,664
Loss (gain) on disposal of tangible capital assets	(8)	492	(34)
Proceeds on disposal of tangible capital assets	163	-	224
Write-down of tangible capital assets	-	1,940	12
Adjustments	7,505	-	-
	<u>(24,856)</u>	<u>(19,422)</u>	<u>(43,158)</u>
Effect of change in other non-financial assets			
Acquisition of inventories of supplies	-	(7,050)	(11,102)
Decrease (increase) in inventories of supplies	-	7,475	10,385
Decrease (increase) in prepaid expenses	-	(524)	(128)
	<u>-</u>	<u>(99)</u>	<u>(845)</u>
Increase (decrease) in net financial assets (debt)	<u>\$ (20,750)</u>	<u>(241)</u>	<u>(46,965)</u>
Net financial assets (debt) at beginning of year		<u>(47,373)</u>	<u>(408)</u>
Net financial assets (debt) at end of year		<u>\$ (47,614)</u>	<u>\$ (47,373)</u>

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

**Non-Consolidated Statement of Cash Flow
for the year ended March 31, 2021**

	2021	2020
	(thousands of dollars)	
Operating transactions		
Surplus (deficit) for the year	\$ 19,280	\$ (2,962)
Non-cash items included in surplus (deficit) for the year:		
Amortization of tangible capital assets	65,867	62,664
Loans receivable valuation adjustment	54	(1)
Write-down of tangible capital assets	1,940	12
Loss (gain) on sale of land inventory	(2,017)	(1,364)
Loss (gain) on disposal of tangible capital assets	492	(34)
Contributed tangible capital assets (Note 19)	-	(251)
Change in non-cash assets and liabilities	<u>25,739</u>	<u>(29,065)</u>
Cash provided by (used for) operating transactions	<u>111,355</u>	<u>28,999</u>
Capital transactions		
Acquisition of tangible capital assets	(87,721)	(105,773)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>224</u>
Cash provided by (used for) capital transactions	<u>(87,721)</u>	<u>(105,549)</u>
Investing transactions		
Net proceeds from temporary investments	461	42,505
Proceeds from portfolio investments	35,275	2,845
Acquisition of portfolio investments	(36,916)	(3,691)
Repayment of advances from Territorial corporations	2,000	250
Advances to Territorial corporations	(7,256)	(6,864)
Repayment of loans receivable	18,587	16,554
Issuance of loans receivable	(2,692)	(5,268)
Investment in land inventory	<u>(19,280)</u>	<u>(18,087)</u>
Cash provided by (used for) investing transactions	<u>(9,821)</u>	<u>28,244</u>
Financing transactions		
Repayment of liabilities for leased tangible capital assets	<u>(1,047)</u>	<u>(1,057)</u>
Cash provided by (used for) financing transactions	<u>(1,047)</u>	<u>(1,057)</u>
Cash and cash equivalents increase (decrease)	12,766	(49,363)
Cash and cash equivalents at beginning of year	<u>51,120</u>	<u>100,483</u>
Cash and cash equivalents at end of year (Note 3)	<u>\$ 63,886</u>	<u>\$ 51,120</u>
Interest received in the year	\$ 5,568	\$ 6,543
Interest paid in the year	\$ 174	\$ 198

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2021

1. **Authority and operations**

(a) Authority

The Government of Yukon (“the Government”) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

(b) Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in March 2020. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Yukon Legislative Assembly. Adjustments include estimated lapses and unallocated budget estimates.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, the Government of Canada or a province;
- fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a bank including swapped deposit transactions in the currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of the Government of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

2. **Significant accounting policies**

(a) Financial statements

These financial statements are prepared on a non-consolidated basis for the purpose of determining the financial position and annual results of the Government of Yukon departments. The *Taxpayer Protection Act* (Yukon) requires that the accounting policies of the Government, which are used to prepare its non-consolidated financial statements, must conform to the recommendations of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, except with respect to consolidation.

The Government also prepares a set of consolidated financial statements in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2021

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant and the Canada health and the Canada social transfers from the Government of Canada in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada) which expires on March 31, 2024. The Formula Financing grant is principle-based and the Canada health transfer and the Canada social transfer are simple equal cash per capita grants. Adjustments for health and social transfers are made in the year they are known.

Government transfers are recognized as revenue when the funding is authorized and any eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as unearned revenue when transfer stipulations give rise to a liability. Transfer revenues are recognized as the stipulation liabilities are settled.

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by the Government of Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified. Tax concessions are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

Proceeds from funding and service agreements with other parties are recognized as revenue as they are determined to be earned based on the terms and conditions of the agreements and in compliance with relevant accounting standards. These determinations occur on an agreement by agreement basis due to the diverse nature of each individual agreement.

Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when authorized and recipients have met eligibility criteria.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2021

Assets

Financial assets

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

Temporary investments include treasury bills, GICs, term deposits and funds that include short-term debt securities of Canadian governments and corporate issuers with terms to maturity of 90 days or more but one year or less from the date of acquisition. When the market value of temporary investments has declined below the carrying value, they are carried at market value.

Portfolio investments are accounted for by the cost method and include funds that include bonds and equities. These investments are expected to be realized or have terms to maturity greater than one year from the date of acquisition. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. The loan receivable is reduced by the amount of a loss when the amount is known with sufficient precision, and there is no realistic prospect of recovery. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured.

Land inventory is comprised of the costs of acquiring, planning and developing lots. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to net recoverable value to recognize the loss.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, and highway materials that are tracked through revolving funds. Inventories are valued at the lower of cost and replacement value. These assets are not held for sale and are intended to be used in providing government services. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and unearned revenues.

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years and transfer payments from the Government of Canada, which have associated stipulations that gave rise to a liability as of year-end.

Liabilities for leased tangible capital assets are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate, over a similar term length as the related lease terms, at the time the obligation is incurred.

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2021**

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from the Government of Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer.

The value of works of art, historical treasures, all intangibles and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. Historical treasures and works of art are expensed when they are acquired.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and are generally amortized on a straight-line basis over their estimated useful life of the asset as follows:

<u>Asset category</u>	<u>Threshold</u>	<u>Estimated useful life</u>
Land	Nil	N/A
Buildings		
Buildings	\$ 50,000	40 - 50 years
Leasehold Improvements	\$ 50,000	Shorter of the lease term or useful economic life
Equipment and vehicles		
Heavy equipment	\$ 10,000	7 - 30 years
Operating equipment	\$ 10,000	5 - 25 years
Vehicles	\$ 10,000	6 - 20 years
Computer hardware and software		
Computer hardware	\$ 10,000	5 years
Computer software	\$ 100,000	Expected usage of the system before overhaul
Transportation infrastructure		
Forestry access roads	\$ 50,000	10 years
Highways	\$ 250,000	up to 75 years
Pavement/surfaces	\$ 250,000	up to 75 years
Bridges	\$ 250,000	up to 75 years
Airport runways	\$ 50,000	up to 75 years
Other		
Portable classroom/housing trailers	\$ 50,000	25 years
Land improvements and fixtures	\$ 50,000	up to 50 years
Sewage and water systems	\$ 50,000	up to 50 years
Mobile radio system infrastructure	\$ 100,000	15 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2021**

(d) Post-employment benefits and compensated absences

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. Compensated absences are benefits such as sick leave and vacation leave that are paid to employees during their employment. The Government recognizes the obligation for these benefits as a liability and uses actuaries to estimate the amount of the obligation based on the projected benefit method prorated on service. Expenses related to post-employment benefits and compensated absences are recognized in the period in which the employee's service is rendered and the benefits are earned. The accrued benefit liability for these plans is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan.

Other retirement benefits for Government employees include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. They are both non-pension defined benefit plans. Liabilities for these benefits are triennially valued on an actuarial basis using the projected benefit method prorated on service, with an actuarial valuation for accounting purposes updated annually. Non-pension retirement benefit expenses for these plans are recognized as the member renders service. Actuarial gains and losses are amortized on straight-line basis over the estimated average remaining service lives of the participants. Both extended health care and life insurance retirement benefits are not funded and thus have no plan assets, resulting in a plan deficit equal to the accrued benefit obligation.

Retirement benefits to Members of the Legislative Assembly and territorial court judges are defined benefit plans and are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on service, with an actuarial valuation for accounting purposes updated annually. Pension expenses for these two plans are recognized as the member renders services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses. Plan assets are valued at the fair market value.

(f) Environmental liabilities

Contaminated sites and other environmental liabilities, which include Type II sites, are accrued, net of recoveries, and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination and when the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable, the contingency is disclosed in the notes to the financial statements.

Landfill liabilities are recognized on a net present value basis for the total estimated expenditures for closure and post-closure care as the landfill site's capacity is used.

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2021**

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable. Certain estimates used in these financial statements may be subject to increased measurement uncertainty due to the COVID-19 pandemic (Note 29). The amount of variability cannot be reasonably determined at this time

Some of the more significant management estimates relate to post-employment and retirement benefits, environmental liabilities, amortization of tangible capital assets, corporate and personal income tax revenue and contingencies.

The provision for environmental liabilities is subject to a high degree of measurement uncertainty because the existence and extent of contamination, the responsibility for, and the timing and cost of remediation cannot be reliably estimated in all circumstances. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

3. **Cash and cash equivalents**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Bank balances	\$ 63,822	\$ 51,053
Cash on hand	<u>64</u>	<u>67</u>
	<u>\$ 63,886</u>	<u>\$ 51,120</u>

4. **Temporary investments**

	<u>2021</u>		<u>2020</u>	
	<u>Market Value</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Carrying Value</u>
	(thousands of dollars)			
Floating rate notes	\$ -	\$ -	\$ 648	\$ 648
Treasury bills	-	-	419	417
Other	<u>800</u>	<u>800</u>	<u>197</u>	<u>196</u>
	<u>\$ 800</u>	<u>\$ 800</u>	<u>\$ 1,264</u>	<u>\$ 1,261</u>

The temporary investments had a weighted average effective yield during 2021 of 1.54% (2020 - 1.54%) per annum.

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5. **Due from/to Government of Canada**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	\$ 126,815	\$ 79,592
Income tax	4,492	1,181
Other	<u>3</u>	<u>3</u>
	<u>\$ 131,310</u>	<u>\$ 80,776</u>
Due to Government of Canada		
Payroll taxes	\$ 11,599	\$ 9,859
Public Service Pension Plan contribution	8,232	7,675
RCMP	7,599	7,685
Program funding liable for claw back	6,812	-
Type II mine sites	1,848	1,618
Other	<u>3,876</u>	<u>2,574</u>
	<u>\$ 39,966</u>	<u>\$ 29,411</u>

Amounts due from and due to the Government of Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

6. **Accounts receivable**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Taxes, interest and other revenue receivables	\$ 12,878	\$ 17,511
Less valuation allowances	<u>(1,691)</u>	<u>(1,050)</u>
	11,187	16,461
Due from Territorial corporations	<u>5,882</u>	<u>5,706</u>
	<u>\$ 17,069</u>	<u>\$ 22,167</u>

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7. **Portfolio investments**

	2021		2020	
	<u>Market Value</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Carrying Value</u>
	(thousands of dollars)			
Marketable securities	<u>\$ 34,545</u>	<u>\$ 34,589</u>	<u>\$ 29,758</u>	<u>\$ 32,948</u>

Marketable securities are designated investments (Note 8) set aside within the Consolidated Revenue Fund for use in meeting certain post-employment and retirement benefit obligations for Members of the Legislative Assembly. The investments are managed by a third party manager. During the year, following a review of the third party management, the securities transitioned to a new third party manager.

8. **Designated assets**

The Government has designated a portion of its assets for the purpose of meeting the obligations under Part 3 (Supplemental Plan) of the *Legislative Assembly Retirement Allowances Act* (Yukon) as well as the "Severance allowance" section of the *Legislative Assembly Act* (Yukon).

Designated assets are included in cash and cash equivalents, temporary investments and portfolio investments as follows:

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Cash and cash equivalents	\$ 4	\$ 50
Temporary investments (market value \$800,000; 2020 – \$1,264,000)	800	1,261
Portfolio investments – marketable securities (market value \$34,545,000; 2020 - \$29,758,000)	<u>34,589</u>	<u>32,948</u>
	<u>\$ 35,393</u>	<u>\$ 34,259</u>

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9. **Advances to Territorial corporations**

	2021	2020
	(thousands of dollars)	
Yukon Development Corporation		
Infrastructure loan	\$ 36,200	\$ 38,200
Yukon Housing Corporation		
Working capital advances	48,491	41,235
	\$ 84,691	\$ 79,435

The Government entered into loan agreements with the Yukon Development Corporation (“YDC”) and advanced a total of \$39,200,000 in order to assist in the development of the Whitehorse diesel – natural gas conversion project, which was completed by the Yukon Energy Corporation, YDC’s wholly owned subsidiary. The original loan term that commenced on April 1, 2016 ended on March 31, 2018. The Government and YDC entered into a new loan agreement effective March 30, 2018. The initial term of the loan is to March 31, 2023 and pursuant to the agreement, the loan may be extended for two additional five year terms upon mutual consent of the parties. The per annum interest rate will be set based on one-year CDOR plus 40 basis points in effect on April 1 each year. The rate of interest effective on March 31, 2021 is 0.81% (2020 - 1.61%). The new loan agreement requires principal repayments of \$1 million on March 31 each year and full repayment of any principal outstanding at the end of each loan term if the loan is not extended. The payment due March 31, 2020 from YDC was received in May 2020 and the payment due March 31, 2021 from YDC was received in March 2021.

The working capital advances to the Yukon Housing Corporation are interest free and have various repayment terms.

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10. **Loans receivable**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2026 (2020 – 2025), bearing interest at 5.00% (2020 – 5.00%).	\$ 34,439	\$ 10,987
Local improvement loans, due in varying annual amounts to the year 2040 (2020-2041), bearing interest rates ranging from 0.50% to 5.25% (2020– 0.50% to 5.25%).	8,443	7,534
Due from Yukon Housing Corporation for lands agreements, due in periodic installments to the year 2025 (2020 – 2025), bearing interest at 0.00% (2020 – 0.00%).	1,596	6,411
Domestic well loans, due in varying annual amounts to the year 2035 (2020-2035), bearing interest rates ranging from 0.50% to 2.00% (2020 – 0.50% to 4.50%).	5,607	5,528
Due from Yukon Hospital Corporation for pension plan solvency loan, due as one payment in the year 2035, bearing interest at 3.95%	3,063	3,063
Debenture loans to municipalities, due in varying annual amounts to the year 2034 (2020 – 2034), bearing interest rates ranging from 2.72% to 6.38% (2020 – 2.72% to 6.38%).	2,627	3,014
Energy infrastructure development loan due in periodic installments bearing interest at 6.40% (2020 – 6.40%).	205	205
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.00% to 5.20% (2020 – 0.00% to 5.20%).	65	65
Loan to Yukon Housing Corporation, due in periodic installments to the year 2021 (2020 – 2021), bearing interest at 0.00% (2020 – 0.00%).	3	17
Less valuation allowances	<u>(322)</u>	<u>(345)</u>
	<u>\$ 55,727</u>	<u>\$ 36,479</u>

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11. **Land inventory**

	2021	2020
	(thousands of dollars)	
Undeveloped land	\$ 603	\$ 603
Land under development	40,447	57,999
Developed land	22,495	18,843
	\$ 63,545	\$ 77,445

12. **Accounts payable and accrued liabilities**

	2021	2020
	(thousands of dollars)	
Accounts payable	\$ 59,630	\$ 63,013
Accrued liabilities	61,731	40,221
Contractors' holdbacks and security deposits	8,934	10,248
Due to Territorial corporations	33,842	8,761
	\$ 164,137	\$ 122,243

The accrued liabilities include the Yukon Government Carbon Price Rebate liability which represents the net of the dollar amounts received from the Government of Canada less the dollar amounts disbursed to the eligible groups as of March 31. The balance of the liability at March 31, 2021 is \$6,919,720 (2020 - \$2,783,079).

13. **Environmental liabilities**

(a) Contaminated sites and other environmental liabilities

The Government has recorded environmental liabilities of \$26,231,000 (2020 - \$27,063,000). These liabilities consist of estimated costs related to the remediation of contaminated sites as well as estimated costs associated with other liabilities related to these sites. The liabilities are determined on a site-by-site basis and are based on preliminary environmental assessments or estimation for those sites where an assessment has not been conducted. The amount recorded is based on management's best estimates utilizing the information available at the financial statement date. The amount of liabilities becomes determinable over a continuum of events and activities as information becomes available. As a result, the actual amount of liabilities to remediate these sites could vary significantly. No assets are designated for settling these liabilities.

As at March 31, 2021, the Government was aware of 95 sites (2020 – 95 sites) where the Government is obligated or is likely obligated to incur such costs. Phase I Environmental Site Assessments (ESA) have been undertaken on 90 of the 95 sites. During the year, remediation work was undertaken at 11 sites, including the Marwell Tar Pit.

One of the 95 sites, Marwell Tar Pit, has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a "responsible party" as

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defined by the *Environment Act* (Yukon) and determined by the *Contaminated Sites Regulation*. The Government of Canada was the landowner when the contamination occurred. In September 2010, the Government and the Government of Canada entered into an agreement to remediate the site over 11 years with a total estimated cost of \$6,800,000, of which the Government is to fund 30% or \$2,040,000 and the Government of Canada \$4,760,000. As at March 31, 2021, \$106,000 (2020 - \$250,000) was recorded as a liability for this site, which is part of the \$26,231,000 noted above.

A site known as Wellgreen ceased operations in the 1970's. The Government of Canada approved the tailings dam and resulting pond built at that time as meeting required specifications; however, concerns regarding the level of water in the pond are known. Initial assessment confirmed that further remediation of the site is required and \$4,803,000 (2020 - \$5,000,000) has been included in Environmental Liabilities for Contaminated Sites to reflect the Government's expected responsibility. Negotiations with the previous owner and the Government of Canada will be required to establish final levels of responsibility and liability.

(b) Landfill sites

There are 28 active, decommissioned or abandoned landfill sites that are outside incorporated communities and, therefore, are the responsibility of the Government. The Government is the sole operator of the active landfills. 23 of these sites are subject to the *Environment Act* (Yukon) – *Solid Waste Regulations* which includes requirements for closure and abandonment of a dump. The remaining 5 sites are old abandoned dumps which are not subject to the *Solid Waste Regulations*.

A liability is recognized as the landfill site's capacity is used with usage measured on a volumetric basis. As at March 31, 2021, the net present value of total expenditures for closure and post-closure care is estimated to be \$14,057,000 (2020 – \$14,057,000) and a liability in the amount of \$11,854,000 (2020 - \$11,854,000) has been recorded for these sites. The amount remaining to be recognized in the future is \$2,203,000 (2020 – \$2,203,000). No assets are designated for settling these liabilities.

In calculation of the above liability, the remaining landfill life was estimated to be from 0 to 50 years. Solid waste permits issued under the *Solid Waste Regulations* specify 25 years of post-closure monitoring; therefore, 25 years is used as an estimated length of time needed for post-closure care. A discount rate of 2.58% (2020 – 2.58%) was used for the net present value calculation for active and closed landfill sites.

(c) Type II sites

Pursuant to the Devolution Transfer Agreement, the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, which have been abandoned by their owner/operator. Except for the Ketz River site discussed below, the Government is not aware of any financial obligations on its part in relation to these mine sites.

On April 10, 2015 Veris Gold Corporation abandoned the Ketz River mine site ("the site"). The site is identified as a Type II mine site in the Devolution Transfer Agreement ("DTA") between the Government and the Government of Canada. The Government has provided notice to the Government of Canada pursuant to the DTA that the site has been abandoned by its owner/operator. Once a Type II site becomes abandoned the DTA requires that an Independent Assessor assess the condition of the site and develop a remediation plan. The Government is responsible for the cost of this assessment. Under the DTA, the Government of Canada accepted financial responsibility for the remediation of impacts attributable to activities that were permitted by the Government of Canada. The Government will be financially responsible for remediation of impacts of activities it permitted after devolution. The Government's costs, if any, may be offset by the security bond it holds. The financial obligations related to the assessment required under the DTA are estimated to be \$4,802,000 (2020 - \$4,857,000) and remediation costs, if any,

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which are the Government's responsibility, are currently undeterminable. No assets are designated for settling these liabilities.

The following table presents the total estimated amounts of these liabilities as at March 31, 2021.

	2021		2020	
	Number of sites	Estimated Liability	Number of sites	Estimated Liability
	(thousands of dollars)			
Liabilities for contaminated sites ¹				
Highway maintenance camps and airports	36	\$ 10,835	36	\$ 10,913
Other storage tanks and buildings	48	8,437	48	9,000
Marwell Tar Pit	1	106	1	250
Wellgreen	1	4,803	1	5,000
Other	9	2,050	9	1,900
	<u>95</u>	<u>26,231</u>	<u>95</u>	<u>27,063</u>
Landfill sites	28	11,854	28	11,854
Type II sites	1	4,802	1	4,857
	<u>124</u>	<u>\$ 42,887</u>	<u>124</u>	<u>\$ 43,774</u>

¹ Contamination primarily includes petroleum hydrocarbons, salts and/or occasionally metals.

14. **Unearned revenues**

	2021	2020
	(thousands of dollars)	
Liability portion of government transfers	\$ 10,447	\$ 6,627
Motor vehicle fees for future years	2,554	2,091
Other	847	1,455
	<u>\$ 13,848</u>	<u>\$ 10,173</u>

The liability portion of government transfers represents transfer payments from the Government of Canada, which have funding stipulations that gave rise to a liability as of year-end.

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15. **Post-employment benefits and compensated absences**

	2021	2020
	(thousands of dollars)	
Severance benefits	\$ 69,394	\$ 64,335
Sick leave obligation	29,289	26,288
Vacation leave obligation	27,426	24,172
Accrued benefit obligation	126,109	114,795
Unamortized net actuarial gain /(loss)	(3,260)	397
Post-employment benefits accrued liability	122,849	115,192
Compensated absences	2,150	1,995
	\$ 124,999	\$ 117,187

Severance benefits are paid on termination of service or upon retirement. The above amounts are comprised of severance benefits for Government employees and for the Members of the Legislative Assembly.

(a) Yukon Government employees

Severance benefits are paid to Government employees based on the type of termination, e.g. resignation versus retirement, the rate of the pay, and the number of years of continuous employment.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The accrued benefit obligation at March 31, 2021 is based on an actuarial valuation conducted as at June 23, 2021. In projecting the accrued obligation for these benefits as at March 31, 2021, the Government assumed a discount rate of 3.2% and general salary increases of 2.0% per annum. The net actuarial loss is amortized over the expected average remaining service life of the active employees of 12.5 years.

Expenses related to post-employment benefits for the year ended March 31, 2021 were \$16,950,000 (2020 - \$10,967,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to \$9,494,000 (2020 - \$13,073,000). Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Government also accounts for compensated absences liabilities in accordance with Canadian public sector accounting standards. Compensated absences include special leave benefits and educational leave benefits.

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Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers. All employees are eligible to receive severance payouts based on service accrued prior to December 31, 2019. The plan amendment resulted in a gain to the plan of \$5,435,000. As the plan was deemed to be in surplus, this gain reduced current year's expenses. The accounting standards prescribe that the cost of plan amendments related to prior employee service is accounted for as an expense in the period of the amendment. The exception is where unamortized gains or losses exist, whereby the unamortized gains or losses are immediately recognized to the maximum of the prior period service cost.

Effective June 30, 2018 all current and retirement severance accruals were frozen for certain employees of the government. All employees in this group are entitled to receive severance payouts based on service accrued prior to June 30, 2018.

(b) Members of the Legislative Assembly

The *Legislative Assembly Act* (Yukon) provides a severance allowance to members of the Legislative Assembly based on the aggregate of the indemnity and salary received by the member during the preceding year and the number of the years served by the member. At March 31, 2021, the severance benefit obligation for this benefit was \$891,000 (2020 - \$690,000). The book value of the assets designated by the Government to meet this obligation was \$797,000 at March 31, 2021 (2020 - \$660,000) (Note 8). The accrued benefit liability at March 31, 2021 is based on an extrapolation of an actuarial valuation that was performed as at March 31, 2017.

16. Retirement benefits

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. In December 2012, the Government of Canada passed legislation to create a new group of plan members for the employees who join the plan on or after January 1, 2013. This group of plan members is eligible to retire with an unreduced public service pension benefit at age 65 with at least two years of pensionable service (or at age 60 with at least 30 years of service) while the old group of members is eligible to retire with an unreduced public service pension benefit at age 60 with at least two years of pensionable service (or at age 55 with at least 30 years of service).

Since the above changes, there are two groups paying different rates of contributions to the plan. The Government contributes \$1.01 for every dollar contributed by the old group of plan members and \$1.00 for the new group of plan members.

In the calendar year 2021, for the portion of the employee's salary above \$181,600, the Government contributes \$3.59 for every dollar contributed by both groups of plan members. In the calendar year 2020, for the portion of the employee's salary above \$173,000 the Government contributed \$3.80 for every dollar contributed by both groups of plan members.

The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were \$40,423,000 (2020 - \$38,183,000).

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(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. These benefits are based on service and earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid (Note 8). It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

During the year, the investment management has transitioned to a new investment manager.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The last actuarial valuation for funding purposes as of March 31, 2020 was performed September 17, 2020. The accrued benefit obligation as at March 31, 2021 is based on an actuarial valuation performed for accounting purposes using the membership data as of March 31, 2020.

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is a defined benefit pension plan, which is comprised of a judiciary registered pension plan, a judiciary retirement compensation arrangement and a supplementary judiciary pension plan. In addition to pension payments, these plans also contain a provision for payment of lump sum death and severance allowances. The Plan is administered by the Public Service Commissioner in the meaning assigned by the *Public Service Act* (Yukon).

Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for the judiciary registered pension plan and the judiciary retirement compensation arrangement are held separate and distinct from the Government's operations, and are managed by an investment manager. The *Territorial Court Judiciary Pension Plan Act* stipulates that no contributions are to be made to the supplementary judiciary pension plan, and no fund is to be maintained for this plan.

Actuarial valuations for the Territorial Court Judiciary Pension Plan for accounting and funding purposes were conducted using the membership data as at March 31, 2020.

(d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both non-pension defined benefit plans. The extended health care plan is self-insured. The accrued benefit obligation at March 31, 2021 is based on an extrapolation of an actuarial valuation conducted as at January 31, 2020. Extended health care and life insurance retirement benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

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Effective for all employees retiring after January 1, 2019 the cost sharing arrangement for extended health benefits was revised. Existing retirees and those retiring prior to January 1, 2019 were not impacted by the change.

Effective April 1, 2020, the eligibility for post-retirement life insurance was amended through changes to Section M, the terms and conditions of employment for managers. Managers appointed to MG3 or higher positions prior to April 1, 2020 retain their eligibility for post-retirement life insurance on retirement. Management employees newly appointed at the MG3 level or higher as of April 1, 2020 will not be eligible for post-retirement life insurance.

The accrued benefit liability for the above retirement benefits as of March 31, 2021 was as follows:

	2021	2020
	(thousands of dollars)	
Accrued benefit liability		
Extended health care retirement benefit	\$ 69,608	\$ 64,307
Legislative Assembly Retirement Allowances Plan	28,726	27,030
Territorial Court Judiciary Pension Plan	8,499	7,531
Life insurance retirement benefit	3,465	3,204
 (Schedule D)	 \$ 110,298	 \$ 102,072

17. **Liabilities for leased tangible capital assets**

	2021	2020
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2023, with imputed interest rate of 3.7%.	\$ 1,348	\$ 1,970
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.7%.	1,062	1,285
Building lease obligation payable monthly until the year 2025, with imputed interest rate of 3.3%.	686	889
	\$ 3,096	\$ 4,144

Interest expense related to liabilities for leased tangible capital assets for the year was \$174,000 (2020 - \$196,000) at an imputed average interest rate of 3.6 % (2020 – 3.1%).

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The following is a schedule of future minimum lease payments under the liabilities for leased tangible capital assets:

	(thousands of dollars)
2022	\$ 1,863
2023	1,873
2024	725
2025	<u>536</u>
Total minimum lease payments	4,997
Less: amount representing executory costs	(1,262)
amount representing rental of land	(509)
amount representing interest	<u>(130)</u>
	<u>\$ 3,096</u>

18. **Financial instruments**

The balances in cash and cash equivalents, due to/from Government of Canada, accounts receivable, advances to Territorial corporations and accounts payable and accrued liabilities have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's other financial instruments are detailed below:

	2021		2020	
	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>
	(thousands of dollars)			
Temporary investments	\$ 800	\$ 800	\$ 1,264	\$ 1,261
Portfolio investments				
Marketable securities	34,545	34,589	29,758	32,948
Loans receivable	55,727	55,727	36,479	36,479

An active and established market exists for the temporary and portfolio investments. Consequently, the estimated fair value is calculated using observed market data.

Since the above valuation is based on market information available at March 31, 2021, the fair value of the investments may change materially in future periods as a result of fluctuations in the market. However, these changes are not expected to result in a significant impact on the Government's future operations.

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of loans receivable due to the nature of these loans. The carrying value of these loans receivable should not be seen as the realizable value on immediate settlement of the loans due to the uncertainty associated with such a settlement.

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19. **Tangible capital assets**

	2021	2020
	Net Book Value	Net Book Value
	(thousands of dollars)	
Land	\$ 13,010	\$ 13,010
Buildings	524,995	533,892
Equipment and vehicles	85,874	80,360
Computer hardware and software	36,212	34,072
Transportation infrastructure	659,758	642,427
Land improvements and fixtures	45,583	42,405
Sewage and water systems	48,800	50,278
Other	14,181	12,548
(Schedule C)	\$1,428,413	\$ 1,408,992

Leased tangible capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was \$991,000 (2020 - \$1,038,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2021	2020
	(thousands of dollars)	
Buildings (cost)	\$ 9,907	\$ 9,907
Operating equipment (cost)	141	141
	10,048	10,048
Less accumulated amortization	(7,415)	(6,424)
	\$ 2,633	\$ 3,624

No interest was capitalized during the year.

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20. **Expenses by object**

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Personnel	\$ 593,497	\$ 559,252
Government transfers	497,673	394,791
Contract and special services	235,526	232,829
Materials, supplies and utilities	114,247	109,172
Amortization expenses	65,867	62,664
Rent	48,787	47,547
Communication and transportation	32,386	42,976
Other	3,399	1,113
	<u>\$ 1,591,382</u>	<u>\$ 1,450,344</u>

21. **Trusts under administration**

The Government administers trust accounts on behalf of third parties, which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon), has a fiscal year-end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. At March 31, 2021, the remaining trust account balances were held in bank accounts or invested in term deposits and GICs.

Investments of the Compensation Fund (Yukon) are valued at fair value. Investments of the remainder of the trust accounts are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash. The following is a summary of the trusts under administration as at March 31, 2021, except for the Compensation Fund (Yukon) which is at December 31, 2020.

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Compensation Fund (Yukon)	\$ 250,799	\$ 237,564
Federal Gas Tax Funds under the New Deal	107,999	97,775
Lottery Commission	8,984	8,144
Crime Prevention and Victim Services	7,373	6,955
Forest Sector Trust	6,044	5,991
Extended health and dental plan trust funds	5,599	2,906
Supreme Court trust	1,379	1,379
Public Guardian trust	1,516	1,316
Other	3,994	3,482
	<u>\$ 393,687</u>	<u>\$ 365,512</u>

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2021**

22. **Contractual rights**

The Government has entered into agreements to receive, or has contractual rights for, the following receipts subsequent to March 31, 2021:

	Expiry Date	2022	2023 – 2031	Total
(thousands of dollars)				
Contribution and Service Agreements				
Infrastructure Canada	2031	\$ 92,004	\$ 675,829	\$ 767,833
Transport Canada	2029	15,462	97,921	113,383
Crown-Indigenous Relations and Northern Affairs	2022	26,235	436	26,671
Environment and Natural Resources Canada	2024	9,887	15,387	25,274
Innovation, Science and Economic Development	2023	6,684	21,684	28,368
French Language Service Agreement	2025	5,500	17,250	22,750
Employment and Social Development	2026	2,766	9,264	12,030
RCMP: Mobile Radio Network	2025	2,168	6,504	8,672
Health Canada	2022	1,660	-	1,660
Canadian Heritage	2023	2,583	2,583	5,166
Justice Canada	2023	1,181	1,181	2,362
		<u>\$ 166,130</u>	<u>\$ 848,039</u>	<u>\$ 1,014,169</u>

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2021**

23. **Contractual obligations**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2021:

	Expiry Date	2022	2023 – 2040	Total
		(thousands of dollars)		
RCMP policing agreement	2032	\$ 25,686	\$ 282,546	\$ 308,232
Capital projects				
- in progress at March 31, 2021	2027	150,735	64,219	214,954
Yukon Hospital Corporation	2022	85,555	-	85,555
Building/office space leases	2029	11,338	21,027	32,365
NorthwesTel Inc. mobile radio network system	2025	3,861	6,887	10,748
Alkan Air Ltd. medical evacuation contract	2023	3,578	-	3,578
Yukon Housing Corp, Yukon low carbon	2024	2,771	4,638	7,409
Regional Recycling Depot for Electronic and Electrical Waste	2023	485	426	911
Conair Group Inc. air tanker services (turbine engines)	2023	2,155	2,060	4,215
Air Spray (1967) Ltd. air tanker services	2023	1,932	1,976	3,908
Information Services Corporation	2040	426	3,610	4,036
Miscellaneous operational commitments	2028	28,288	7,765	36,053
		<u>\$ 316,810</u>	<u>\$ 395,154</u>	<u>\$ 711,964</u>

24. **Commitments**

In June 2010, the Yukon Development Corporation (“YDC”) issued 30-year bonds in the amount of \$100 million at a fixed coupon rate of 5.0% per annum in part to finance the grant from the Yukon Development Corporation Fund and ratepayers’ future contributions towards the construction of the Mayo B hydro enhancement and the Carmacks-Stewart transmission phase II projects. In the Memorandum of Understanding (“the MOU”) between the Government and YDC dated March 10, 2011, the Government agreed to provide YDC with financial assistance to a maximum of \$2,625,000 annually from April 1, 2011, to March 31, 2042, based on a prescribed formula where, depending on the annual financial results of YDC, the Government funding will be reduced or eliminated. In 2020/2021, the Government paid \$2,625,000 (2020 - \$2,625,000) to YDC based on the MOU.

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2021**

25. **Overexpenditure**

Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that “a vote does not authorize any payment to be made in excess of the amount specified in the vote”. During the year, no (2020 – two) departments exceeded their votes with a total overexpenditure of \$0 (2020 - \$7,612,000).

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, two (2020 – one) departments exceeded the authorized amounts as follows:

	(thousands of dollars)
Health and Social Services	
- COVID CERB Exemption	\$ 1,103
- Yukon seniors' income supplement	39
- Social Assistance - Whitehorse	9
Finance	
- Workers' compensation supplementary benefits	\$ 34

26. **Guarantees**

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of \$1,700,000 (2020 - \$2,200,000) and debts of the Yukon Energy Corporation, the wholly-owned subsidiary of the Yukon Development Corporation, of \$nil (2020 - \$23,807,000). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to \$11,000,000. At March 31, 2021, the Yukon Development Corporation had long-term debt of \$203,000,000 (2020 - \$203,000,000) and a credit facility of up to \$43,500,000. While the Government has not issued guarantees for these instruments, as the Yukon Development Corporation is an agent of the Government, lenders may have recourse to the Government.

In December 2019, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon University Employee's Pension Plan's solvency deficit. This guarantee is to remain in effect from December 30, 2019 to June 30, 2021. The maximum amount of letters of credit to which the guarantee applies will be \$20,739,000 (2020 - \$20,739,000).

In June 2019, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon Hospital Employee's Pension Plan's solvency deficit. This guarantee was to remain in effect from June 30, 2019 to June 30, 2020. The maximum amount of letters of credit to which the guarantee applied was \$26,508,000 (2020 - \$26,508,000).

In July 2020, the Government issued a letter of credit providing guarantee to the bank in relation to the Yukon Hospital Employee's Pension Plan's solvency deficit. This guarantee is to remain in effect from June 30, 2020 to June 30, 2021. The maximum amount of letters of credit to which the guarantee applies will be \$26,508,000 (2020 - \$26,508,000).

It is expected that no significant costs will be incurred by the Government with respect to these guarantees and debts.

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2021

In November 2019, the Government and Yukon Hospital Corporation entered into a Pension Solvency Loan Agreement. The Government has loaned the Yukon Hospital Corporation \$3,063,000 for a payment to be made to their Pension Plan. The loan bears interest at the prime rate charged by the Government of Yukon's banker with interest calculated semi-annually. The annual interest rate for 2021 is 3.95%. The initial term of the loan will be 15 years, due on December 11, 2034, with either party having the ability to terminate the loan with notice.

27. Land claims

Between February 1995 and March 31, 2021, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The bilateral funding agreement with the Government of Canada that had been in place since June 24, 1993 and which provided funding towards the Government's additional implementation costs expired on March 31, 2009. However, there are no additional costs for the Government as all of the existing funding commitments are captured elsewhere, either through a specific funding agreement with the Government of Canada or as a component of the base funding received by the Government. The specific implementation costs include Board and Council funding arising from the various Final Agreement Implementation Plans and other negotiated funding amounts.

28. Contingencies

In the normal course of operations, the Government is subject to legal claims. These claims include items with pleading amounts and items where an amount is not specified. At March 31, 2021 the amounts claimed, excluding the claims from Northern Cross (Yukon) Ltd., which are described below, is \$5,793,000 (2020 - \$6,538,000). No provision for these claims has been made as it is unlikely or undeterminable that a liability has been incurred at the date of the financial statements.

On April 4, 2017, Northern Cross (Yukon) Ltd. ("Northern Cross") filed a Statement of Claim in the Supreme Court of Yukon against the Government of Yukon and the Minister of Energy, Mines and Resources. Northern Cross identified a number of causes of action although all of these are based upon its allegation that due to the moratorium on hydraulic fracturing Northern Cross' exploration rights in the Eagle Plains area have been adversely affected. The claim seeks up to \$2.26 billion which is comprised of \$395 million for refund of work deposits, application fees, rental amounts, sunk costs and interest and \$1.86 billion in damages for loss of opportunity of 8.6 billion barrels of oil, at fair market value, identified as being in the area through a resource evaluation. On April 12, 2017, Northern Cross changed its name to Chance Oil and Gas Limited. No provision for this claim has been made as it is undeterminable that a liability has been incurred at the date of the financial statements.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of \$5,000,000, which is to be used for providing limited insurance and risk management services to Government departments. Expenses relating to some of the property and liability losses incurred by the Government are to be paid out of this fund. The Government has legal liability and property insurance with a \$2,000,000 deductible. In 2021, the Government paid \$253,000 (2020 - \$299,000) for liability claims such as bodily injury, property damage and automobile liability. The Government had unpaid claims against the fund in the amount of \$1,660,000 as at March 31, 2021 (2020 - \$1,521,000). This

GOVERNMENT OF YUKON

Notes to Non-Consolidated Financial Statements March 31, 2021

amount is reported as part of the Government's accrued liabilities. The fund balance at March 31, 2021 was \$5,000,000 (2020 – \$5,000,000).

In addition to the environmental liabilities discussed in Note 13, there may be other instances of contamination for which the Government may be obligated to incur remediation costs. No liability has been recognized for these instances of contamination as the future costs of remediation and the Government's obligation to incur these costs are undeterminable at the date of the financial statements.

Yukon Zinc Corporation ("Yukon Zinc"), as the owner of the Wolverine Mine, is responsible for the future reclamation and closure of the mine site. Pursuant to the *Quartz Mining Act* (Yukon), Yukon Zinc was required to provide a total of \$35,549,000 as financial security. That amount was determined when the Government commissioned a costing review exercise for the Yukon Zinc Wolverine Mine Reclamation and Closure Plan, the report was received December 12, 2017. The objective of this costing review was to confirm the activities and associated costs required during temporary and permanent closure, in accordance with Wolverine Mine's operating licenses and other regulatory requirements. Yukon Zinc has only provided \$10,589,000 as security to date. The Government has unsuccessfully attempted to collect the outstanding financial security from Yukon Zinc.

On September 16, 2019, the Yukon Supreme Court ordered Yukon Zinc be put into receivership. Beginning in the 2019-20 fiscal year, the Government has carried out necessary care and maintenance work, including contaminated water treatment, on behalf of Yukon Zinc, expending all of the \$10,589,000 accessible to it from the financial security. On 26 May 2020, the Yukon Supreme Court ruled that the Government's claim to additional monies from the assets of Yukon Zinc ranks in priority above any other claim, right, charge or security against the Wolverine Mine. This ruling was appealed by Yukon Zinc and another creditor hence the liquidation of Yukon Zinc's assets including the mine site is currently on hold subject to ongoing litigation. The court appointed receiver is attempting to find a buyer for the mine. In the event that the Wolverine Mine ultimately becomes abandoned, the Government will likely be required to assume the remediation responsibility of the site as the mining activities at the Wolverine Mine occurred post-devolution. While there is a reliable estimate of future remediation costs in relation to the Wolverine Mine, the outcome of the receivership process is not determinable at the date of the financial statement preparation; hence, no liability has been recognized.

GOVERNMENT OF YUKON

**Notes to Non-Consolidated Financial Statements
March 31, 2021**

29. **Subsequent events**

The outbreak of COVID-19 in early 2020 caused global disruption and economic slowdown. In response to the pandemic, the Government, with support from the Government of Canada, implemented various initiatives and programs to assist individuals, businesses, and industries. Significant government supports include public health measures, aviation supports, tourism relief recovery and other economic relief and financial support programs. In summer 2021, the Territory experienced a serious outbreak that demonstrated that the impacts of COVID-19 are ongoing. At this time, it is not possible to reliably estimate the length and severity of the pandemic and its economic impacts. The Government of Yukon is continuing to monitor and assess the impacts; a number of supports noted above have already been extended into 2022.

30. **Comparative figures**

Certain comparative figures for 2020 have been reclassified to conform with the 2021 presentation.

GOVERNMENT OF YUKON

Schedule A

**Schedule of Revenues
for the year ended March 31, 2021**

	2021		2020
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Government of Canada			
Formula Financing grant	\$ 1,055,000	\$ 1,054,979	\$ 997,412
Contributions and service agreements	188,546	184,617	161,279
Other grants	61,663	149,429	62,346
	<u>1,305,209</u>	<u>1,389,025</u>	<u>1,221,037</u>
Taxes and general revenues			
Income taxes	94,021	95,130	100,889
Other taxes			
Tobacco tax	12,912	13,584	13,216
Fuel oil tax	9,639	7,004	9,780
General property tax	5,797	5,592	5,555
Liquor tax	4,955	4,979	4,965
Insurance premium tax	3,959	3,765	3,296
Grant in lieu of property tax	233	225	226
Sale of land	22,536	35,648	18,957
Licenses, permits and fees	16,621	16,478	18,288
Yukon Liquor Corporation			
Liquor profit	8,871	7,959	9,297
Cannabis profit	-	234	327
Investment and interest revenue	6,675	2,732	6,055
Resource revenue - mineral, oil and gas and forestry	2,155	903	1,660
Income from portfolio investments	-	1,495	1,326
Aviation operations	1,448	17	1,295
Fines	508	392	435
Restricted funds	-	83	314
Other revenues	226	29	336
	<u>190,556</u>	<u>196,249</u>	<u>196,217</u>
Funding and service agreements with other parties	30,106	24,299	28,632
	<u>\$ 1,525,871</u>	<u>\$ 1,609,573</u>	<u>\$ 1,445,886</u>

GOVERNMENT OF YUKON
Schedule B

**Schedule of Expenses
for year ended March 31, 2021**

	2021		Actual 2021			Amortization Expenses	Total (Note 20)	2020 Actual	
	Main		Government						
	Estimates (Note 1(b))	Personnel	Transfers	Other					
			(thousands of dollars)						
Health and Social Services	\$ 468,218	\$ 166,124	\$ 201,798	\$ 127,794	\$ 7,728	\$ 503,444	\$ 456,954		
Highways and Public Works	274,602	74,951	6,731	138,769	33,185	253,636	238,458		
Community Services	214,109	37,555	110,429	65,215	6,777	219,976	205,808		
Education	211,030	121,381	50,322	20,039	7,683	199,425	194,163		
Justice	80,444	35,531	6,300	35,299	2,856	79,986	77,216		
Energy, Mines and Resources	61,675	28,776	9,107	20,847	516	59,246	58,058		
Environment	42,856	25,818	2,931	12,785	584	42,118	46,172		
Public Service Commission	53,383	49,364	-	3,262	275	52,901	45,335		
Tourism and Culture	31,894	10,771	14,237	8,468	1,165	34,641	31,088		
Executive Council Office	23,363	13,154	5,572	4,137	9	22,872	23,294		
Economic Development	18,435	6,210	24,390	2,272	-	32,872	20,059		
Finance	14,304	9,372	2,876	1,168	105	13,521	15,511		
Yukon Housing Corporation (Transfer Payment)	30,774	-	23,520	-	-	23,520	14,380		
Yukon Legislative Assembly	8,579	7,504	-	1,271	-	8,775	8,270		
Yukon Development Corporation (Transfer Payment)	11,375	-	22,806	-	-	22,806	7,518		
French Language Services Directorate	6,302	4,188	155	2,102	-	6,445	6,170		
Women's Directorate	2,696	891	1,613	265	-	2,769	2,439		
Office of the Ombudsman	1,403	1,041	-	346	12	1,399	1,347		
Child and Youth Advocate Office	703	524	-	223	-	747	575		
Elections Office	549	342	-	509	-	851	472		
Restricted Funds	(5,827)	-	14,887	(10,427)	4,972	9,432	(2,943)		
Yukon Liquor Corporation (Transfer Payment)	-	-	-	-	-	-	-		
Adjustments	(29,102)	-	-	-	-	-	-		
	\$ 1,521,765	\$ 593,497	\$ 497,674	\$ 434,344	\$ 65,867	\$ 1,591,382	\$ 1,450,344		

GOVERNMENT OF YUKON

Schedule C

**Schedule of Tangible Capital Assets
for year ended March 31, 2021**

	Land	Buildings	Equipment & Vehicles	Computer Hardware & Software	Transportation Infrastructure	Land Improvements & Fixtures	Sewage & Water Systems	Other	2021 Total	2020 Total
(thousands of dollars)										
Cost of tangible capital assets, opening	\$13,010	\$ 856,996	\$ 168,414	\$ 86,575	\$ 1,078,024	\$ 53,143	\$ 63,799	\$20,498	\$ 2,340,459	\$ 2,238,470
Acquisitions	-	15,550	14,482	7,059	41,769	4,396	1,490	2,975	87,721	106,024
Write-downs	-	(1,940)	-	-	-	-	-	-	(1,940)	(12)
Disposals	-	(518)	-	-	(553)	-	-	-	(1,071)	(4,022)
Cost of tangible capital assets, closing	13,010	870,088	182,896	93,634	1,119,240	57,539	65,289	23,473	2,425,169	2,340,460
Accumulated amortization, opening	-	323,108	88,066	52,503	435,595	10,610	13,519	8,067	931,468	872,636
Amortization expense	-	22,011	8,956	4,919	24,440	1,346	2,970	1,225	65,867	62,664
Disposals	-	(26)	-	-	(553)	-	-	-	(579)	(3,832)
Accumulated amortization, closing	-	345,093	97,022	57,422	459,482	11,956	16,489	9,292	996,756	931,468
Net book value (Note 19)	\$13,010	\$ 524,995	\$ 85,874	\$ 36,212	\$ 659,758	\$ 45,583	\$ 48,800	\$14,181	\$ 1,428,413	\$ 1,408,992
Work-in-progress ¹	\$	4,764	\$ 1,982	\$ 14,969	\$ 44,410	\$ 5,307	\$ 6,971	\$ 602	\$ 79,005	\$ 101,351

¹ Included in net book value.

GOVERNMENT OF YUKON

Schedule D

**Schedule of Retirement Benefits
for year ended March 31, 2021**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	2021 Total	2020 Total
--	--	---	--	--	---------------	---------------

(thousands of dollars)

Pension and retirement plan assets are valued at fair market value.

Accrued benefit obligation						
Obligation at beginning of year	\$ 37,454	\$ 12,906	\$ 73,689	\$ 4,111	\$ 128,160	\$ 122,364
Current service costs	1,614	541	3,010	67	5,232	5,325
Interest cost on benefit obligation	1,651	606	2,884	158	5,299	4,833
Actuarial (gain) loss	3,268	1,408	5,189	770	10,635	(892)
Benefits paid	(1,486)	(485)	(1,575)	(130)	(3,676)	(3,470)
Accrued benefit obligation at end of year	42,501	14,976	83,197	4,976	145,650	128,160

Plan assets

Value at beginning of year	8,348	3,980	-	-	12,328	13,147
Actual return on plan assets	1,323	576	-	-	1,899	(942)
Government contributions	368	366	1,575	130	2,439	2,203
Member contributions	172	61	-	-	233	236
Benefits paid	(309)	(485)	(1,575)	(130)	(2,499)	(2,316)
Value at end of year	9,902	4,498	-	-	14,400	12,328

Funded status - plan deficit
Unrecognized net actuarial gain (loss)
Accrued benefit liability (Note 16)

Funded status - plan deficit	32,598	10,478	83,197	4,976	131,249	115,831
Unrecognized net actuarial gain (loss)	(3,872)	(1,979)	(13,589)	(1,511)	(20,951)	(13,759)
Accrued benefit liability (Note 16)	28,726	8,499	69,608	3,465	110,298	102,072

Net benefit cost

Current service costs	1,614	541	3,010	67	5,232	5,325
Less: Member contributions	(172)	(61)	-	-	(233)	(236)
Interest cost on benefit obligation	1,651	606	2,884	158	5,299	4,833
Expected return on plan assets	(372)	(182)	-	-	(554)	(645)
Amortization of net actuarial (gain) loss	520	430	981	166	2,097	1,342
Net cost for the year	\$ 3,241	\$ 1,334	\$ 6,875	\$ 391	\$ 11,841	\$ 10,619

GOVERNMENT OF YUKON

Schedule D
Continued

**Schedule of Retirement Benefits
for the year ended March 31, 2021**

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit
Key Assumptions				
Expected long-term rate of return on assets at beginning of year	4.40%	4.60%	N/A	N/A
Discount rate on benefit costs	4.40%	4.60%	3.80%	3.80%
Discount rate on accrued benefit obligation at end of year	3.70%	3.80%	3.20%	3.20%
Inflation rate at end of year	2.00%	2.00%	2.00%	2.00%
Rate of compensation increase	2.50%	3.00%	see below ¹	see below ¹
Health care cost trend rate	N/A	N/A	see below ²	N/A
Amortization period (expected average remaining service life)	4.0 years	2.7 years	12.5 years	9.3 years

¹ Based on the annual rates from the Public Service Pension Plan ("PSP") March 31, 2017 valuation report.

² 5.9% per annum for 2020-2024, decreasing linearly to 4.9% in 2029, and following the McMaster Model to an ultimate trend rate of 4.0% in 2040.

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SECTION II
SUPPLEMENTARY FINANCIAL INFORMATION
(unaudited)

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GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2021**

	2021	2020	Increase (Decrease)
From Government of Canada			
Formula Financing grant	\$ 1,054,978,808	\$ 997,411,832	\$ 57,566,976
Other grants			
Canada health transfer	46,975,000	43,958,000	3,017,000
Canada social transfer	16,857,000	15,882,000	975,000
Carbon amounts received	14,886,802	1,643,177	13,243,625
COVID-19 pandemic	70,297,864	543,000	69,754,864
Cannabis transfer	412,697	320,439	92,258
	<u>149,429,363</u>	<u>62,346,616</u>	<u>87,082,747</u>
Contributions and service agreements			
Small Communities Fund	28,661,894	38,105,966	(9,444,072)
Canadian Heritage			
- French language programs	8,014,328	7,831,580	182,748
- Francophone High School	-	6,000,000	(6,000,000)
Investing in Canada infrastructure program	49,452,083	11,146,893	38,305,190
Clean water wastewater fund	1,798,165	11,080,628	(9,282,463)
Child welfare	9,832,873	10,150,687	(317,814)
Continuing care facilities	10,052,352	9,613,296	439,056
Type II mine sites	6,006,348	7,593,934	(1,587,586)
Territorial health investment fund	4,030,180	6,222,767	(2,192,587)
Employment and Social Development Canada			
- skills and labour market development	6,636,167	6,020,396	615,771
Indigenous children and youth	-	4,192,977	(4,192,977)
Land claims implementation	3,583,342	3,550,840	32,502
RCMP - mobile radio system	2,472,808	2,506,883	(34,075)
Early learning and childcare	2,413,101	2,405,774	7,327
Gas tax fund	808,602	2,354,200	(1,545,598)
Yukon Hospital Corporation - meditech	3,000,000	2,250,000	750,000
Environment and climate change Canada	3,332,973	2,242,979	1,089,994
Travel recoveries - First Nations benefits	2,241,563	2,009,946	231,617
Arrest processing unit	1,958,306	1,899,481	58,825
National trade corridors fund	9,935,792	1,611,493	8,324,299
Marwell Tar Pit remediation	70,000	1,576,825	(1,506,825)
Canadian Air Transport Security Authority	2,582,856	1,447,283	1,135,573
Inuvialuit Final Agreement	1,364,591	1,443,539	(78,948)
Connect to innovate fund	1,462,335	1,358,635	103,700
Youth criminal justice	881,220	1,181,442	(300,222)
Legal Aid	1,132,000	1,032,000	100,000
Other funding and service agreements	22,892,921	14,448,282	8,444,639
	<u>184,616,800</u>	<u>161,278,726</u>	<u>23,338,074</u>

GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2021**

	2021	2020	Increase (Decrease)
Taxation			
Income taxes	\$ 95,130,095	\$ 100,889,099	\$ (5,759,004)
Tobacco tax	13,584,150	13,216,086	368,064
Fuel oil tax	7,003,729	9,779,553	(2,775,824)
General property tax	5,591,940	5,554,797	37,143
Liquor tax	4,979,027	4,964,523	14,504
Insurance premium tax	3,764,917	3,295,642	469,275
Grants-in-lieu of property tax	225,195	225,745	(550)
	<u>130,279,053</u>	<u>137,925,445</u>	<u>(7,646,392)</u>
Licenses, Permits and Fees			
Business and professional	5,464,828	6,548,172	(1,083,344)
Motor vehicle	5,062,714	5,291,246	(228,532)
Continuing care facilities	3,093,510	3,033,405	60,105
Building safety	700,890	809,370	(108,480)
Hunting, fishing and outfitting	532,742	732,478	(199,736)
Campground permits	279,559	590,792	(311,233)
Land use	328,506	406,943	(78,437)
Land titles	514,774	366,868	147,906
Other	499,964	508,955	(8,991)
	<u>16,477,487</u>	<u>18,288,229</u>	<u>(1,810,742)</u>
Investment and Interest Revenue			
Banking and investment	1,318,419	4,078,909	(2,760,490)
Income from portfolio investments	1,495,381	1,326,330	169,051
Interest on advances to Territorial corporations	597,060	1,015,074	(418,014)
Delinquent accounts	(301,789)	358,680	(660,469)
Land sale agreements	765,614	218,798	546,816
Local improvement loans	175,308	152,162	23,146
Preferred dividend tax credit	78,709	118,011	(39,302)
Debenture loans	98,415	113,573	(15,158)
	<u>4,227,117</u>	<u>7,381,537</u>	<u>(3,154,420)</u>
Fines			
Territorial Court	389,213	424,720	(35,507)
Library fines	2,544	10,456	(7,912)
	<u>391,757</u>	<u>435,176</u>	<u>(43,419)</u>

GOVERNMENT OF YUKON

Schedule 1

**Comparative Schedule of Revenues
for the year ended March 31, 2021**

	2021	2020	Increase (Decrease)
Other			
Sale of land	\$ 35,647,753	\$ 18,956,694	\$ 16,691,059
Yukon Liquor Corporation			
- liquor profit	7,959,011	9,297,467	(1,338,456)
- cannabis profit	234,246	326,851	(92,605)
Resource revenue - mineral, oil and gas and forestry	903,084	1,660,171	(757,087)
Aviation operations	16,797	1,295,394	(1,278,597)
Restricted funds	83,241	313,928	(230,687)
Other	29,106	336,292	(307,186)
	<u>44,873,238</u>	<u>32,186,797</u>	<u>12,686,441</u>
Funding and service agreements with other parties			
Third-party health care costs	5,355,508	7,958,063	(2,602,555)
Yukon Zinc Corporation	5,460,043	4,544,503	915,540
Commission scolaire francophone du Yukon	-	4,125,002	(4,125,002)
Airports	1,834,220	2,045,335	(211,115)
Water and sewer	754,755	850,309	(95,554)
Continuing and other health care recoveries from clients	585,295	593,972	(8,677)
Restricted funds	371,907	301,135	70,772
Worker's Compensation Health and Safety Board			
- excess reserve rebate	2,371,105	-	2,371,105
Other	7,566,501	8,213,782	(647,281)
	<u>24,299,334</u>	<u>28,632,101</u>	<u>(4,332,767)</u>
	<u>\$ 1,609,572,957</u>	<u>\$ 1,445,886,459</u>	<u>\$ 163,686,498</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Yukon Legislative Assembly					
<u>Taxes and general revenues</u>					
Income from portfolio investment	\$ 1,605,000	\$ -	\$ 1,605,000	\$ 1,495,380	\$ (109,620)
Executive Council Office					
<u>From Canada</u>					
Operation and maintenance	349,000	-	349,000	300,785	(48,215)
Yukon Environmental Socio-economic Assessment Act implementation	-	79,000	79,000	78,865	(135)
- Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)	4,017,000	(400,000)	3,617,000	3,583,342	(33,658)
Employment and Social Development Canada	15,000	-	15,000	15,000	-
Land claims implementation - CIRNAC	190,000	-	190,000	165,000	(25,000)
Office of the Commissioner - CIRNAC					
Public Safety Canada					
	4,571,000	(321,000)	4,250,000	4,142,992	(107,008)
<u>Taxes and general revenues</u>					
Water license fees	25,000	-	25,000	40,948	15,948
Total revenues	4,596,000	(321,000)	4,275,000	4,183,940	(91,060)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Community Services					
<u>From Canada</u>					
Operation and maintenance					
Emergency measures					
Crown-Indigenous Relations and Northern Affairs Canada	\$ 249,000	\$ -	\$ 249,000	\$ 334,920	\$ 85,920
- emergency management					
Covid-19 response		1,941,000	1,941,000	2,201,995	260,995
- Emergency Support Fund for Cultural, and Sport Organizations		2,175,000	2,175,000	2,175,000	-
- Safe Restart Program		4,314,000	4,314,000	4,314,000	-
- Northern Support Phase 2					
National Defense - public safety broadband network	577,000	-	577,000	248,928	(328,072)
Sport	355,000	-	355,000	465,234	110,234
Community recreation/active living	508,000	-	508,000	436,487	(71,513)
Author readings	16,000	-	16,000	12,237	(3,763)
Fire Management	-	-	-	147,913	147,913
Capital					
Gas tax fund	2,500,000	-	2,500,000	808,602	(1,691,398)
Small Communities Fund	23,177,000	-	23,177,000	14,452,476	(8,724,524)
Clean Water Wastewater fund	922,000	-	922,000	1,798,165	876,165
Investing in Canada infrastructure program (Protective services)	-	298,000	298,000	11,269	(286,731)
Investing in Canada infrastructure program (Community development)	32,151,000	(298,000)	31,853,000	33,540,787	1,687,787
	60,455,000	8,430,000	68,885,000	60,948,013	(7,936,987)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Community Services					
<u>Taxes and general revenues</u>					
Building safety licenses and fees	\$ 500,000	\$ -	\$ 500,000	\$ 700,890	\$ 200,890
Tipping Fees	-	-	-	95,130	95,130
Library fines	8,000	-	8,000	2,544	(5,456)
Photocopier fees	2,000	-	2,000	27	(1,973)
Sale of land	22,336,000	-	22,336,000	35,505,303	13,169,303
Interest on local improvement	200,000	-	200,000	175,308	(24,692)
General property tax	5,797,000	-	5,797,000	5,591,940	(205,060)
Grant-in-lieu of property tax	233,000	-	233,000	225,195	(7,805)
Professional/consumer licensing	636,000	-	636,000	573,298	(62,702)
Business/corporate licensing	4,032,000	-	4,032,000	4,891,530	859,530
Employment standards	6,000	-	6,000	200	(5,800)
	33,750,000	-	33,750,000	47,761,365	14,011,365
<u>Third-party recoveries</u>					
Operation and maintenance					
Shared services	55,000	-	55,000	50,000	(5,000)
Emergency medical services	75,000	-	75,000	34,286	(40,714)
Community recreation/active living	60,000	-	60,000	75,752	15,752
Sport	959,000	50,000	1,009,000	732,365	(276,635)
Public library	15,000	-	15,000	10,363	(4,637)
Water and sewer services	981,000	-	981,000	754,755	(226,245)
Mosquito control	46,000	-	46,000	46,347	347
Community assessments	725,000	-	725,000	749,006	24,006
Capital					
Rural electrification and well program	-	-	-	269,364	269,364
	2,916,000	50,000	2,966,000	2,722,238	(243,762)
Total revenues	97,121,000	8,480,000	105,601,000	111,431,616	5,830,616

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Economic Development					
<u>From Canada</u>					
Operation and maintenance					
Covid-19 Response	\$ -	\$ 4,336,000	\$ 4,336,000	\$ 4,336,004	\$ 4
Regional Relief and Recovery Fund	-	3,933,000	3,933,000	100,000	(3,833,000)
Canada-Yukon business service centre	100,000	(100,000)	-	100,000	100,000
Yukon business development program	94,000	-	94,000	-	(94,000)
Total revenues	194,000	8,169,000	8,363,000	4,536,004	(3,826,996)
Education					
<u>From Canada</u>					
Operation and maintenance					
Canadian Heritage - French language programs	2,583,000	-	2,583,000	2,583,000	-
Student financial assistance					
- Canada student loan	106,000	400,000	506,000	504,167	(1,833)
- Canada study grants	-	-	-	39,543	39,543
Employment and Social Development Canada					
- labour market development agreement	4,557,000	112,000	4,669,000	3,170,533	(1,498,467)
- workforce development agreement	2,766,000	-	2,766,000	3,465,634	699,634
- Federal COVID-19 Funding	-	5,300,000	5,300,000	4,894,171	(405,829)
Total revenues	10,012,000	5,812,000	15,824,000	14,657,048	(1,166,952)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Education					
<u>Taxes and general revenues</u>					
Extension programs fees	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ (5,000)
Summer school fees	10,000	-	10,000	3,600	(6,400)
Apprenticeship and certification	1,000	-	1,000	975	(25)
Trade school registration fees	1,000	-	1,000	100	(900)
	17,000	-	17,000	4,675	(12,325)
<u>Third-party recoveries</u>					
Operation and maintenance					
Victoria Gold Yukon Student Encouragement Society	25,000	95,000	120,000	120,000	-
Student accommodation	80,000	-	80,000	23,700	(56,300)
Staff accommodation rental	40,000	-	40,000	39,981	(19)
Stikine students	167,000	-	167,000	129,000	(38,000)
Yukon Teachers' Association - substitute teachers	80,000	-	80,000	26,231	(53,769)
Council of Ministers of Education of Canada agreement					
- monitors	350,000	-	350,000	353,229	3,229
Commission scolaire francophone du Yukon					
- funding formula	5,771,000	(5,771,000)	-	-	-
Capital					
School-based information technology	88,000	-	88,000	80,686	(7,314)
School-based equipment	-	10,000	10,000	9,975	(25)
	6,601,000	(5,666,000)	935,000	782,802	(152,198)
Total revenues	16,630,000	146,000	16,776,000	15,444,525	(1,331,475)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Energy, Mines and Resources					
<u>From Canada</u>					
Operation and maintenance					
Agriculture Canada					
- Canadian agricultural partnership	\$ 766,000	73,000 \$	839,000 \$	779,295 \$	(59,705)
- rent	3,000	-	3,000	3,000	-
- Canadian Food Inspection Agency	2,000	-	2,000	1,500	(500)
- regional collaborative partnership	-	66,000	66,000	66,352	352
Lands and economic development services program	-	-	-	278,000	278,000
Green energy initiative	390,000	-	390,000	203,115	(186,885)
Natural Resources Canada					
- clean energy for rural and remote communities	258,000	107,000	365,000	284,129	(80,871)
- climate change adaptation	110,000	-	110,000	67,900	(42,100)
- zero emission vehicle infrastructure program	-	285,000	285,000	252,846	(32,154)
- renewable power program	-	90,000	90,000	90,000	-
- cold climate study	-	131,000	131,000	131,000	-
Environment and Climate Change Canada					
- low carbon economy	4,689,000	-	4,689,000	2,892,599	(1,796,401)
Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)					
- Type II mine sites	9,670,000	(611,000)	9,059,000	6,006,348	(3,052,652)
Client Services and Partnerships					
- Fisheries and Oceans Canada	-	60,000	60,000	-	(60,000)
	15,888,000	201,000	16,089,000	11,056,084	(5,032,916)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Energy, Mines and Resources					
<u>Taxes and general revenues</u>					
Land management					
- lands administration/interest	\$ 150,000	\$ -	\$ 150,000	\$ 765,614	\$ 615,614
- land sales fees	20,000	-	20,000	32,069	12,069
- land leases	189,000	-	189,000	179,696	(9,304)
- land use fees	21,000	-	21,000	12,653	(8,347)
- quarrying royalties and leases	80,000	-	80,000	81,067	1,067
- sale of land	200,000	-	200,000	142,450	(57,550)
Land planning					
- application fees	7,000	-	7,000	7,200	200
Forest management					
- application fees	3,000	-	3,000	1,070	(1,930)
- timber royalty	20,000	-	20,000	15,983	(4,017)
- development fee	10,000	-	10,000	10,106	106
- road charge	15,000	-	15,000	11,856	(3,144)
Agricultural land application and grazing lease fees	5,000	-	5,000	11,121	6,121
Oil and gas resources - rentals and administration	65,000	(63,000)	2,000	-	(2,000)
Mineral resources					
- coal leases, permits and royalties	22,000	-	22,000	2,608	(19,392)
- placer mining fees	385,000	-	385,000	180,993	(204,007)
- quartz mining fees and leases	1,635,000	(500,000)	1,135,000	680,468	(454,532)
- maps, publications and charts	5,000	-	5,000	1,713	(3,287)
	2,832,000	(563,000)	2,269,000	2,136,667	(132,333)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Energy, Mines and Resources					
<u>Third-party recoveries</u>					
Operation and maintenance					
Land management					
- legal surveys	\$ 10,000	\$ -	10,000	\$ -	(10,000)
- recovery from estate - clean up	-	-	-	35,000	35,000
Agriculture conference	3,000	-	3,000	3,943	943
Mineral resources					
- Yukon Zinc Corporation - Wolverine mine	3,000,000	2,442,000	5,442,000	5,460,043	18,043
Forest management - Trans Canada Trail	-	-	-	2,607	2,607
	3,013,000	2,442,000	5,455,000	5,501,593	46,593
Total revenues	21,733,000	2,080,000	23,813,000	18,694,344	(5,118,656)
Environment					
<u>From Canada</u>					
Operation and maintenance					
COVID-19 Response					
Northern Support					
- Phase 2	-	1,090,000	1,090,000	1,090,000	-
Inuvialuit Final Agreement	1,565,000	67,000	1,632,000	1,364,591	(267,409)
Climate change preparedness in the North	570,000	264,000	834,000	627,600	(206,400)
Environmental sustainability - miscellaneous partnerships	48,000	-	48,000	41,900	(6,100)
Environmental occurrences notification agreement	6,000	-	6,000	5,941	(59)
Marwell tar pit remediation	70,000	-	70,000	70,000	-

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Environment					
From Canada (continued)					
Operation and maintenance (continued)					
Habitat stewardship program	148,000 \$	173,000 \$	321,000 \$	425,013 \$	104,013
Environment and climate change Canada	360,000	18,000	378,000	440,374	62,374
Science Horizons - Clean Foundation Internship	-	10,000	10,000	10,420	420
Parks Canada	-	15,000	15,000	15,000	-
Polar Knowledge Canada	-	88,000	88,000	71,195	(16,805)
Capital					
Inuvialuit Final Agreement	15,000	-	15,000	-	(15,000)
Investing in Canada infrastructure program	-	-	-	581,718	581,718
	<u>2,782,000</u>	<u>1,725,000</u>	<u>4,507,000</u>	<u>4,743,752</u>	<u>236,752</u>
<u>Taxes and general revenues</u>					
Campground permits	532,000	(266,000)	266,000	279,559	13,559
Wilderness tourism licensing	8,000	(4,000)	4,000	5,200	1,200
Hunting licenses and seals	465,000	(175,000)	290,000	343,140	53,140
Trapping and fur licenses	6,000	-	6,000	5,832	(168)
Fishing licenses	330,000	(70,000)	260,000	163,970	(96,030)
Outfitting fees	10,000	-	10,000	14,600	4,600
Advertising Sales	10,000	-	10,000	-	(10,000)
Mapping Sales	10,000	-	10,000	-	(10,000)
	<u>1,371,000</u>	<u>(515,000)</u>	<u>856,000</u>	<u>812,301</u>	<u>(43,699)</u>

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Environment					
<u>Third-party recoveries</u>					
Operation and maintenance					
Mapping recoveries	\$ -	\$ -	\$ -	2,398	2,398
Environmental sustainability - miscellaneous partnerships	48,000	-	48,000	127,783	79,783
Compulsory inspections - Province of British Columbia	2,000	-	2,000	-	(2,000)
Conservation Action Team	2,000	-	2,000	2,500	500
Standards and approvals - technical review	45,000	-	45,000	50,200	5,200
NatureServe Canada					
- Yukon conservation data	34,000	-	34,000	8,019	(25,981)
Trapper education workshop	26,000	-	26,000	19,350	(6,650)
Teslin Tlingit Council	-	60,000.00	60,000	60,000	-
Environmental liabilities and remediation					
- Yukon Housing Corporation	15,000	(15,000.00)	-	-	-
	172,000	45,000	217,000	270,250	53,250
Total revenues	4,325,000	1,255,000	5,580,000	5,826,303	246,303

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Finance					
<u>From Canada</u>					
Formula Financing grant	\$ 1,055,000,000	\$ -	\$ 1,055,000,000	\$ 1,054,978,808	\$ (21,192)
Canada health transfer	45,156,000	-	45,156,000	46,975,000	1,819,000
Canada social transfer	16,202,000	-	16,202,000	16,857,000	655,000
Cannabis transfer	305,000	-	305,000	412,697	107,697
	1,116,663,000	-	1,116,663,000	1,119,223,505	2,560,505
<u>Taxes and general revenues</u>					
Personal income tax	80,285,000	(1,769,000)	78,516,000	78,090,432	(425,568)
Corporate income tax	13,736,000	8,805,000	22,541,000	17,039,663	(5,501,337)
Fuel oil tax	9,639,000	(2,258,000)	7,381,000	7,003,729	(377,271)
Insurance premium tax	3,959,000	(110,000)	3,849,000	3,764,917	(84,083)
Tobacco tax	12,912,000	23,000	12,935,000	13,584,150	649,150
Banking and investment	3,540,000	(2,462,000)	1,078,000	1,318,419	240,419
Interest on advance to Territorial Corporation	1,101,000	-	1,101,000	597,060	(503,940)
Interest on accounts receivable	5,000	-	5,000	(301,789)	(306,789)
Miscellaneous revenue	50,000	-	50,000	5,757	(44,243)
Preferred dividend tax	-	-	-	78,709	78,709
	125,227,000	2,229,000	127,456,000	121,181,047	(6,274,953)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Finance					
<u>Third-party recoveries</u>					
Operation and maintenance					
Workers' Compensation Health and Safety Board payroll	\$ 12,000	\$ -	\$ 12,000	\$ 12,000	\$ -
Charge card incentive	50,000	-	50,000	21,546	(28,454)
Yukon Bureau of Statistics - recoverable services	-	-	-	53,334	53,334
Banking, Investments and Debt Services	-	-	-	25,000	25,000
	62,000	-	62,000	111,880	49,880
Total revenues	1,241,952,000	2,229,000	1,244,181,000	1,240,516,432	(3,664,568)
French Language Services Directorate					
<u>From Canada</u>					
Operation and maintenance	5,247,000	200,000	5,447,000	5,431,328	(15,672)
Canadian Heritage	-	200,000	200,000	184,581	(15,419)
<u>Third-party recoveries</u>					
Ministerial Conference on the Canadian Francophone	-	200,000	200,000	184,581	(15,419)
Total revenues	5,247,000	400,000	5,647,000	5,615,909	(31,091)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>From Canada</u>					
Operation and maintenance					
COVID-19 Response	\$ -	\$ 18,400,000	\$ 18,400,000	\$ 18,400,000	\$ -
- Northern Supports Package Phase 1	-	10,000,000	10,000,000	10,000,000	-
- Northern Supports Package Phase 2	-	11,300,000	11,300,000	11,286,000	(14,000)
- Safe Restart Program	-	-	-	3,500,000	3,500,000
- Personal Protective Equipment - In-Kind Contribution	-	-	-	-	-
Public Health Authority of Canada					
- Quarantine Agreement	-	94,000	94,000	147,585	53,585
Territorial health investment fund	6,442,000	350,000	6,792,000	4,030,180	(2,761,820)
Child welfare	9,622,000	400,000	10,022,000	9,832,873	(189,127)
Nits'aw Chua Transition Home					
Federal child benefit	370,000	-	370,000	916,000	916,000
Transition homes	296,000	-	296,000	282,152	(87,848)
Youth criminal justice	881,000	-	881,000	149,000	(147,000)
Early learning and child care	-	2,400,000	2,400,000	881,220	220
Social assistance	415,000	54,000	469,000	2,413,101	13,101
Health Canada					
- mental health	630,000	-	630,000	500,000	31,000
- home care	680,000	-	680,000	663,887	33,887
Assisted Living	75,000	2,200,000	2,275,000	719,211	39,211
Mental Wellness and Substance Use - Youth Criminal Justice	300,000	-	300,000	5,038,890	2,763,890
Travel recoveries - First Nations benefits	2,000,000	-	2,000,000	300,000	-
Hearing assessments and aids	61,000	-	61,000	2,241,563	241,563
Congenital anomalies surveillance	85,000	-	85,000	12,143	(48,857)
Chronic disease surveillance	112,000	-	112,000	-	(85,000)
Canadian partnership against cancer					
- Quitline	-	100,000	100,000	112,124	124
Opioid treatment	118,000	-	118,000	100,000	-
				118,176	176

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>From Canada (continued)</u>					
Health Canada - Official Languages Health Program	\$ -	\$ 209,000	\$ 209,000	\$ 74,821	\$ (134,179)
Continuing care facilities	7,250,000	2,200,000	9,450,000	10,052,352	602,352
Substance Use Addictions Program (SUAP)	-	-	-	87,028	87,028
<u>Capital</u>					
Territorial health investment fund	3,000,000	-	3,000,000	3,000,000	-
- Yukon Hospital Corporation - Meditech	-	750,000	750,000	750,000	-
- Corporate Services	-	3,100,000	3,100,000	3,120,641	20,641
- 1Health (Meditech)					
	32,337,000	51,557,000	83,894,000	88,728,947	4,834,947
<u>Taxes and general revenues</u>					
Registration and fees	36,000	-	36,000	29,393	(6,607)
Environmental health - inspection/permits	10,000	-	10,000	16,444	6,444
Continuing care facilities	3,581,000	-	3,581,000	3,093,510	(487,490)
	3,627,000	-	3,627,000	3,139,347	(487,653)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>Third-party recoveries</u>					
Operation and maintenance					
- Rapid Adoption Virtual Care	\$ -	\$ 615,000	\$ 615,000	\$ 305,000	\$ (310,000)
Social supports					
- client recovery	50,000	-	50,000	31,126	(18,874)
- social assistance	80,000	-	80,000	91,769	11,769
Third-party health care costs	6,167,000	2,400,000	8,567,000	5,355,508	(3,211,492)
Hearing assessments and aids	587,000	-	587,000	296,719	(290,281)
Rental recovery	74,000	-	74,000	63,187	(10,813)
Community health					
- Yukon immunization program	95,000	(45,000)	50,000	12,473	(37,527)
Community nursing					
- patient services	167,000	-	167,000	156,531	(10,469)
- drugs and vaccines	10,000	-	10,000	1,689	(8,311)
- rent/utility recoveries	116,000	-	116,000	57,386	(58,614)
- Lower Post recovery	15,000	-	15,000	15,789	789
Continuing care facilities					
- McDonald Lodge food services	120,000	-	120,000	130,008	10,008
- BC northern health authority and misc. third party recoveries	-	-	-	131,535	131,535
- Canadian Partnership Against Cancer	250,000	-	250,000	247,500	(2,500)
- Canadian Center for aging and brain health innovation	-	38,000	38,000	18,866	(19,134)
Cross border emergency response	-	-	-	4,881	4,881

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Health and Social Services					
<u>Third party recoveries (continued)</u>					
Canadian partnership against cancer	\$ 75,000	\$ 20,000	\$ 95,000	\$ 87,790	\$ (7,210)
- smoking cessation	267,000	17,000	284,000	191,420	(92,580)
- Yukon First nations cancer care Yukon University	-	19,000	19,000	4,999	(14,001)
- Yukon SPOR policy research					
	8,073,000	3,064,000	11,137,000	7,204,176	(3,932,824)
Total revenues	44,037,000	54,621,000	98,658,000	99,072,470	414,470

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways and Public Works					
<u>From Canada</u>					
Operation and maintenance					
Covid-19 Response					
- Aviation	\$ -	\$ 10,766,000	\$ 10,766,000	\$ 6,464,694	\$ (4,301,306)
- Northern Phase II	-	304,000	304,000	304,000	-
Mobile radio system					
- RCMP	2,396,000	-	2,396,000	2,472,808	76,808
- other federal agencies	69,000	-	69,000	26,290	(42,710)
Transportation - recoverable services	152,000	-	152,000	178,340	26,340
National safety code agreement	153,000	-	153,000	152,567	(433)
Motor vehicles	8,000	-	8,000	18,000	10,000
Airports	60,000	-	60,000	61,436	1,436
Leases/facility management agreements	32,000	-	32,000	30,500	(1,500)
Capital					
Small Communities fund	13,511,000	-	13,511,000	14,209,418	698,418
Yukon Resource Gateway project	2,365,000	-	2,365,000	-	(2,365,000)
National Trade Corridors Fund	9,406,000	-	9,406,000	9,935,792	529,792
Canadian Air Transport Security Authority	-	-	-	2,582,856	2,582,856
Northern Transportation Adaptation Initiative	122,000	-	122,000	59,795	(62,205)
Connect to Innovate fund	8,625,000	(7,313,000)	1,312,000	1,462,335	150,335
Mobile radio system	93,000	-	93,000	10,020	(82,980)
Investing in Canada infrastructure program	8,625,000	(7,313,000)	1,312,000	80,996	(1,231,004)
Natural Resources Canada	75,000	-	75,000	128,966	53,966
Low Carbon Economy Fund	2,085,000	(2,028,000)	57,000	-	(57,000)
	47,777,000	(5,584,000)	42,193,000	38,178,813	(4,014,187)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways & Public Works					
<u>Taxes and general revenues</u>	\$	\$	\$	\$	\$
Queen's Printer subscriptions	-	-	-	6,168	6,168
Sale of government surplus equipment	46,000	-	46,000	10,074	(35,926)
Access to Information and Protection of Privacy	10,000	-	10,000	3,220	(6,780)
Highway information signs/permits	17,000	-	17,000	10,650	(6,350)
Quarry permits	3,000	-	3,000	4,700	1,700
Aviation operations	1,448,000	(780,000)	668,000	16,797	(651,203)
National safety code - fees/materials	26,000	-	26,000	25,689	(311)
Weigh station fees	158,000	-	158,000	177,171	19,171
Private vehicle registration/permits	1,705,000	-	1,705,000	1,835,613	130,613
Commercial vehicle registration/permits	3,423,000	-	3,423,000	3,096,148	(326,852)
Driver licenses/fees	230,000	-	230,000	130,953	(99,047)
Land use fees	12,000	-	12,000	-	(12,000)
	<u>7,078,000</u>	<u>(780,000)</u>	<u>6,298,000</u>	<u>5,317,183</u>	<u>(980,817)</u>
<u>Third-party recoveries</u>					
Operation and maintenance					
Deposit forfeitures	34,000	-	34,000	10,710	(23,290)
Travel agent processing	12,000	-	12,000	-	(12,000)
Industry conference and reverse tradeshow	697,000	-	697,000	755,445	58,445
Information and communications technology service agreements	360,000	-	360,000	413,551	53,551
Transportation - recoverable services	2,033,000	-	2,033,000	1,834,220	(198,780)
Airports	7,000	-	7,000	8,905	1,905
Motor Vehicles	379,000	-	379,000	506,786	127,786
Leases/facility management agreements					

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Highways & Public Works					
<u>Third-party recoveries (continued)</u>					
Capital					
Dempster Fibre Project	\$ 4,301,000	\$ (4,301,000)	\$ -	\$ -	\$ -
Granular material development	-	-	-	12,650	12,650
	7,823,000	(4,301,000)	3,522,000	3,542,267	20,267
Total revenues	62,678,000	(10,665,000)	52,013,000	47,038,263	(4,974,737)
Justice					
<u>From Canada</u>					
Operation and maintenance	-	485,000	485,000	485,000	-
COVID-19 Response	-	13,000	13,000	-	(13,000)
Court Services - French language training	1,132,000	-	1,132,000	1,132,000	-
Legal aid	308,000	-	308,000	308,000	-
Indigenous courtworker program	163,000	-	163,000	163,000	-
Yukon Public Legal Education Association	207,000	-	207,000	207,075	75
Family justice activities	187,000	-	187,000	174,500	(12,500)
Family mediation services	456,000	-	456,000	37,189	(418,811)
Cannabis and impaired driving	30,000	-	30,000	63,939	33,939
Exchange of service agreement	1,913,000	-	1,913,000	1,958,306	45,306
Arrest processing unit	750,000	-	750,000	732,962	(17,038)
Enhancing services for victims of crime in Yukon	-	-	-	3,492	3,492
Community Justice Coordinate Meeting	465,000	-	465,000	210,909	(254,091)
Guns and gang violence action fund	100,000	-	100,000	100,000	-
Drug treatment court funding	-	-	-	214,289	(70,711)
Family information liaison unit	-	285,000	285,000	208,000	(77,000)
Community safety officer (CSO) program	208,000	-	208,000	208,000	-

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Justice					
<u>From Canada (continued)</u>					
Capital					
Interactive Voice Response	\$ 100,000	\$ (100,000)	\$ -	\$ -	\$ -
	6,019,000	683,000	6,702,000	5,998,661	(703,339)
<u>Taxes and general revenues</u>					
Court fees	500,000	-	500,000	389,213	(110,787)
Sheriff's Office	58,000	-	58,000	49,355	(8,645)
Public guardian and trustee fees	35,000	-	35,000	43,358	8,358
Land titles fees	370,000	-	370,000	514,774	144,774
	963,000	-	963,000	996,700	33,700
<u>Third-party recoveries</u>					
Operation and maintenance					
Public Utilities Board hearings	100,000	-	100,000	162,817	62,817
Worker advocate	517,000	-	517,000	346,249	(170,751)
Outreach worker - Province of British Columbia	41,000	-	41,000	44,002	3,002
	658,000	-	658,000	553,068	(104,932)
Total revenues	7,640,000	683,000	8,323,000	7,548,429	(774,571)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Public Service Commission					
<u>From Canada</u>					
Operation and maintenance	5,000	-	5,000	-	(5,000)
Health, Safety and Well-Being	5,000	-	5,000	-	(5,000)
Third-party recoveries					
Operation and maintenance	234,000	-	234,000	234,270	270
Human resource business partners	77,000	-	77,000	77,070	70
Human resource shared services	5,000	-	5,000	-	(5,000)
Organizational development	5,000	-	5,000	-	(5,000)
Health, safety and well-being	-	2,000,000	2,000,000	2,371,105	371,105
Workers compensation payments					
	321,000	2,000,000	2,321,000	2,682,445	361,445
Total revenues	326,000	2,000,000	2,326,000	2,682,445	356,445

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Tourism and Culture					
<u>From Canada</u>					
Operations and Maintenance					
COVID-19 Response					
- Northern Support - Phase 2	\$ -	\$ 247,000	\$ 247,000	\$ 247,000	\$ -
- Canadian Tourism Commission	-	500,000	500,000	500,000	-
Crown-Indigenous Relations and Northern Affairs Canada					
- Historic Sites	-	-	-	12,720	12,720
Capital					
Canadian Northern Economic Development Agency - signage	99,000	-	99,000	99,400	400
	<u>99,000</u>	<u>747,000</u>	<u>846,000</u>	<u>859,120</u>	<u>13,120</u>
<u>Taxes and general revenues</u>					
Yukon Beringia Interpretive Centre	70,000	-	70,000	3,731	(66,269)
Archives - reproduction fees	16,000	-	16,000	5,369	(10,631)
Vacation guide advertising revenue	75,000	(75,000)	-	-	-
	<u>161,000</u>	<u>(75,000)</u>	<u>86,000</u>	<u>9,100</u>	<u>(76,900)</u>
<u>Third-party recoveries</u>					
Operation and maintenance					
Yukon Lottery Commission	467,000	-	467,000	372,127	(94,873)
	<u>467,000</u>	<u>-</u>	<u>467,000</u>	<u>372,127</u>	<u>(94,873)</u>
Total revenues	727,000	672,000	1,399,000	1,240,347	(158,653)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Women's Directorate					
<u>From Canada</u>					
Operation and maintenance					
Policy and Program Development	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Women and Gender Equality Canada	347,000	14,000	361,000	360,320	(680)
Total revenues	347,000	39,000	386,000	385,320	(680)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Yukon Development Corporation					
<u>From Canada</u>					
<u>Capital</u>					
Arctic Energy fund	\$ 2,813,000	\$ -	\$ 2,813,000	\$ -	\$ (2,813,000)
Investing in Canada Infrastructure Program	-	20,875,000	20,875,000	15,248,582	(5,626,418)
Total revenues	2,813,000	20,875,000	23,688,000	15,248,582	(8,439,418)
Yukon Liquor Corporation					
<u>Taxes and general revenues</u>					
<u>Corporate net income</u>					
- liquor profit	8,871,000	(1,637,000)	7,234,000	7,959,016	725,016
- cannabis profit	-	-	-	234,246	234,246
Liquor tax	4,955,000	(169,000)	4,786,000	4,979,021	193,021
Total revenues	13,826,000	(1,806,000)	12,020,000	13,172,283	1,152,283
Interest					
<u>Taxes and general revenues</u>					
Interest	74,000	27,000	101,000	98,415	(2,585)

GOVERNMENT OF YUKON

Schedule 2

**Schedule of Revenues by Department
for the year ended March 31, 2021**

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Over (Under) Estimates
Restricted Funds					
<u>From Canada</u>					
Carbon amounts received	\$ -	\$ -	\$ -	14,886,802	\$ 14,886,802
<u>Taxes and general revenues</u>					
Gain on sale of tangible capital assets	-	-	-	25,000	25,000
Other revenue	-	-	-	58,241	58,241
	-	-	-	83,241	83,241
<u>Third-party recoveries</u>					
Operation and maintenance Restricted funds	-	-	-	371,907	371,907
Total revenues	-	-	-	15,341,950	15,341,950
Totals					
From Canada	1,305,209,000	92,533,000	1,397,742,000	1,389,024,971	(8,717,029)
Taxes and general revenues	190,556,000	(1,483,000)	189,073,000	196,248,652	7,175,652
Third-party recoveries	30,106,000	(2,166,000)	27,940,000	24,299,334	(3,640,666)
Total revenues	\$ 1,525,871,000	\$ 88,884,000	\$ 1,614,755,000	\$ 1,609,572,957	\$ (5,182,043)

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Yukon Legislative Assembly			
Operation and maintenance			
Legislative services	\$ 3,601,849	\$ 3,590,869	\$ 10,980
Legislative Assembly Office	926,748	1,355,083	(428,335)
Retirement allowances and death benefits	3,692,854	2,689,353	1,003,501
Hansard	476,993	558,848	(81,855)
Conflicts Commission	36,199	38,632	(2,433)
	<u>8,734,643</u>	<u>8,232,785</u>	<u>501,858</u>
Capital			
Legislative Assembly Office	40,359	34,963	5,396
Amortization expense	-	1,722	(1,722)
Total expenses	<u>8,775,002</u>	<u>8,269,470</u>	<u>505,532</u>
Elections Office			
Operation and maintenance			
Elections	845,781	472,146	373,635
Capital			
Elections	4,631	-	4,631
Total expenses	<u>850,412</u>	<u>472,146</u>	<u>378,266</u>
Office of the Ombudsman			
Operation and maintenance			
Office of the Ombudsman	1,377,609	1,313,531	64,078
Capital			
Office of the Ombudsman	9,780	21,729	(11,949)
Amortization expense	11,997	11,997	-
Total expenses	<u>1,399,386</u>	<u>1,347,257</u>	<u>52,129</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Child and Youth Advocate Office			
Operation and maintenance			
Child and Youth Advocate Office	\$ 744,664	\$ 563,581	\$ 181,083
Capital			
Child and Youth Advocate Office	2,160	10,826	(8,666)
Total expenses	746,824	574,407	172,417
Executive Council Office			
Operation and maintenance			
Strategic corporate services	3,951,130	4,325,197	(374,067)
Aboriginal relations	8,340,717	8,215,268	125,449
Corporate programs and intergovernmental relations	6,792,828	7,135,720	(342,892)
Government internal audit services	408,184	481,014	(72,830)
Office of the Commissioner	213,691	248,838	(35,147)
Cabinet Offices	2,757,467	2,875,029	(117,562)
COVID-19 pandemic	389,480	3,714	385,766
	22,853,497	23,284,780	(431,283)
Capital			
Corporate Services	9,460	-	9,460
Amortization expense	9,373	9,373	-
Total expenses	22,872,330	23,294,153	(421,823)

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Community Services			
Operation and maintenance			
COVID-19 response	\$ 9,890,498	\$ -	\$ 9,890,498
Corporate services	4,740,580	4,387,749	352,831
Protective services	34,095,635	55,977,916	(21,882,281)
Community development	46,081,905	46,478,756	(396,851)
Corporate policy and consumer affairs	12,131,907	11,916,811	215,096
	<u>106,940,525</u>	<u>118,761,232</u>	<u>(11,820,707)</u>
Capital			
COVID-19 response	185,791	-	185,791
Corporate services	-	313,566	(313,566)
Protective services	1,856,142	1,258,041	598,101
Community development	92,036,693	89,853,287	2,183,406
Corporate policy and consumer affairs	2,804,524	2,209,052	595,472
	<u>96,883,150</u>	<u>93,633,946</u>	<u>3,249,204</u>
Less: Acquisition of tangible capital assets	(3,039,592)	(11,146,498)	8,106,906
Land development costs transferred to land inventory	(19,499,714)	(18,103,755)	(1,395,959)
Local improvement costs transferred to loans receivable	(2,255,670)	(1,868,365)	(387,305)
	<u>72,088,174</u>	<u>62,515,328</u>	<u>9,572,846</u>
Cost of land sold	<u>33,630,477</u>	<u>17,591,761</u>	<u>16,038,716</u>
Amortization expense	<u>6,777,069</u>	<u>6,927,908</u>	<u>(150,839)</u>
Bad debts expense	<u>540,013</u>	<u>11,260</u>	<u>528,753</u>
Total expenses	<u>219,976,258</u>	<u>205,807,489</u>	<u>14,168,769</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Economic Development			
Operation and maintenance			
COVID-19 response	\$ 16,291,241	\$ -	\$ 16,291,241
Corporate services	2,051,218	1,891,113	160,105
Policy, planning and communications	1,564,855	1,547,753	17,102
Business and industry development	7,379,228	9,357,976	(1,978,748)
Regional economic development	4,516,475	4,700,232	(183,757)
	<u>31,803,017</u>	<u>17,497,074</u>	<u>14,305,943</u>
Capital			
Corporate services	7,423	-	7,423
Business and industry development	1,061,387	2,562,139	(1,500,752)
	<u>1,068,810</u>	<u>2,562,139</u>	<u>(1,493,329)</u>
Total expenses	<u>32,871,827</u>	<u>20,059,213</u>	<u>12,812,614</u>
Education			
Operation and maintenance			
COVID-19 response	\$ 6,073,698	\$ -	\$ 6,073,698
Education support services	3,984,227	4,038,847	(54,620)
Schools and student services	124,789,362	122,213,550	2,575,812
Policy and partnerships	16,982,936	22,466,815	(5,483,879)
Yukon College/University	28,531,922	27,192,742	1,339,180
First Nations initiatives	7,526,360	7,100,590	425,770
	<u>187,888,505</u>	<u>183,012,544</u>	<u>4,875,961</u>
Capital			
Pandemic	394,135	-	394,135
Schools and student services	15,931,806	27,341,603	(11,409,797)
Yukon College/University	400,000	-	400,000
	<u>16,725,941</u>	<u>27,341,603</u>	<u>(10,615,662)</u>
Less acquisition of tangible capital assets	<u>(12,872,373)</u>	<u>(23,393,685)</u>	<u>10,521,312</u>
	<u>3,853,568</u>	<u>3,947,918</u>	<u>(94,350)</u>
Amortization expense	<u>7,683,112</u>	<u>7,201,995</u>	<u>481,117</u>
Write-down of tangible capital assets	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>199,425,185</u>	<u>194,162,457</u>	<u>5,262,728</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Energy, Mines and Resources			
Operation and maintenance			
COVID-19 response	\$ 1,100,000	\$ -	\$ 1,100,000
Corporate services	3,291,758	3,292,137	(379)
Sustainable resources	10,915,106	10,966,410	(51,304)
Energy, corporate policy and communications	9,238,244	8,235,215	1,003,029
Oil and gas and mineral resources	25,719,467	26,264,879	(545,412)
Compliance monitoring & inspections	8,429,698	8,803,282	(373,584)
	<u>58,694,273</u>	<u>57,561,923</u>	<u>1,132,350</u>
Capital			
Corporate services	71,240	535,436	(464,196)
Resource management	354,839	274,442	80,397
	<u>426,079</u>	<u>809,878</u>	<u>(383,799)</u>
Less: Acquisition of tangible capital assets	(192,040)	(549,473)	357,433
Land development costs transferred to land inventory	(143,881)	(116,209)	(27,672)
	<u>90,158</u>	<u>144,196</u>	<u>(54,038)</u>
Amortization expense	<u>515,780</u>	<u>438,617</u>	<u>77,163</u>
Environmental liabilities (net)	<u>(54,710)</u>	<u>(86,867)</u>	<u>32,157</u>
Total expenses	<u>59,245,501</u>	<u>58,057,869</u>	<u>1,187,632</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Environment			
Operation and maintenance			
COVID-19 response	\$ 1,222,968	\$ -	\$ 1,222,968
Corporate services	10,945,739	10,554,643	391,096
Environmental sustainability	26,430,569	26,348,541	82,028
Environmental liabilities and remediation	2,905,558	6,886,728	(3,981,170)
	<u>41,504,834</u>	<u>43,789,912</u>	<u>(2,285,078)</u>
Capital			
Corporate services	483,079	586,064	(102,985)
Environmental sustainability	1,473,940	1,443,962	29,978
	<u>1,957,019</u>	<u>2,030,026</u>	<u>(73,007)</u>
Less acquisition of tangible capital assets	<u>(1,106,836)</u>	<u>(1,069,312)</u>	<u>(37,524)</u>
	<u>850,183</u>	<u>960,714</u>	<u>(110,531)</u>
Amortization expense	<u>583,573</u>	<u>539,747</u>	<u>43,826</u>
Write-down of tangible capital assets	11,281	-	11,281
Environmental liabilities (net)	<u>(831,973)</u>	<u>881,775</u>	<u>(1,713,748)</u>
Total expenses	<u>42,117,898</u>	<u>46,172,148</u>	<u>(4,054,250)</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Finance			
Operation and maintenance			
Corporate services	\$ 1,183,720	\$ 1,364,070	\$ (180,350)
Financial operations and revenue services	3,457,142	5,007,929	(1,550,787)
Economics, fiscal policy and statistics	2,710,339	2,572,900	137,439
Management board secretariat	2,599,435	2,233,446	365,989
Office of the Comptroller	955,151	985,178	(30,027)
Workers' compensation supplementary benefits	308,560	247,004	61,556
COVID-19 response	39,649	1,348	38,301
	<u>11,253,996</u>	<u>12,411,875</u>	<u>(1,157,879)</u>
Capital			
Corporate services	-	655,392	(655,392)
Less acquisition of tangible capital assets	-	(156,228)	156,228
	<u>-</u>	<u>499,164</u>	<u>(499,164)</u>
Amortization expense	<u>105,402</u>	<u>65,371</u>	<u>40,031</u>
Bad debt expense	<u>95,634</u>	<u>312,905</u>	<u>(217,271)</u>
Transfers through the tax system	<u>2,065,685</u>	<u>2,221,925</u>	<u>(156,240)</u>
Total expenses	<u>13,520,717</u>	<u>15,511,240</u>	<u>(1,990,523)</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
French Language Services Directorate			
Operation and maintenance			
French language services	\$ 6,445,386	\$ 6,169,919	\$ 275,467
Health and Social Services			
Operation and maintenance			
Corporate services	16,562,937	18,740,793	(2,177,856)
Family and children's services	47,158,000	52,341,137	(5,183,137)
Social supports	45,026,595	45,185,630	(159,035)
Community and program support	12,512,015	12,253,546	258,469
Mental wellness and substance use services	21,799,709	19,702,865	2,096,844
Health Services	134,146,199	145,007,100	(10,860,901)
Continuing care	79,059,233	74,399,412	4,659,821
Yukon hospital services	79,131,302	79,510,253	(378,951)
COVID-19 response	43,195,000	185,579	43,009,421
	478,590,990	447,326,315	31,264,675
Less pension costs transferred to loans receivable	-	(3,063,321)	3,063,321
	478,590,990	444,262,994	34,327,996
Capital			
Corporate services	7,218,086	1,782,062	5,436,024
Family and children's services	146,827	1,050,883	(904,056)
Social supports	172,204	138,068	34,136
Community and program support	13,873	20,568	(6,695)
Mental wellness and substance use services	272,367	-	272,367
Health services	2,216,254	741,267	1,474,987
continuing care	3,788,402	3,178,802	609,600
Yukon hospital services	5,750,000	3,905,052	1,844,948
	19,578,013	10,816,702	8,761,311
Less acquisition of tangible capital assets	(2,946,168)	(5,787,457)	2,841,289
	16,631,845	5,029,245	11,602,600
Amortization expense	7,727,822	7,662,266	65,556
Write-down/Disposal of tangible capital assets	492,910	-	492,910
Total expenses	503,443,567	456,954,505	46,489,062

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Highways and Public Works			
Operation and maintenance			
COVID-19 response	\$ 6,686,766	\$ -	\$ 6,686,766
Corporate services	14,400,321	13,048,145	1,352,176
Information and communications technology	22,578,713	21,726,236	852,477
Transportation	68,325,611	65,432,640	2,892,971
Property management	43,909,474	43,748,422	161,052
Program specific	(20,334)	-	(20,334)
Central Stores write off	(133,115)	138,131	(271,246)
	<u>155,747,436</u>	<u>144,093,574</u>	<u>11,653,862</u>
Less lease payments for leased tangible capital assets transferred to liabilities	<u>(1,047,988)</u>	<u>(1,016,420)</u>	<u>(31,568)</u>
	<u>154,699,448</u>	<u>143,077,154</u>	<u>11,622,294</u>
Capital			
Pandemic	639,598	-	639,598
Information and communications technology	13,189,095	6,116,662	7,072,433
Transportation	90,160,740	85,261,237	4,899,503
Property management	23,316,618	26,198,013	(2,881,395)
	<u>127,306,051</u>	<u>117,575,912</u>	<u>9,730,139</u>
Less acquisition of tangible capital assets	<u>(63,586,253)</u>	<u>(53,396,302)</u>	<u>(10,189,951)</u>
	<u>63,719,798</u>	<u>64,179,610</u>	<u>(459,812)</u>
Amortization expense	<u>33,184,637</u>	<u>30,988,601</u>	<u>2,196,036</u>
Write-down/disposal loss of tangible capital assets	<u>1,929,101</u>	<u>105,097</u>	<u>1,824,004</u>
Rental expense recognized from prepaid expenses	<u>102,527</u>	<u>106,413</u>	<u>(3,886)</u>
Total expenses	<u>253,635,511</u>	<u>238,456,875</u>	<u>15,178,636</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Justice			
Operation and maintenance			
Management services	\$ 4,279,940	\$ 4,454,552	\$ (174,612)
Court services	7,454,732	6,899,004	555,728
Legal services	9,933,268	8,587,230	1,346,038
Regulatory services	4,546,331	4,551,542	(5,211)
Community justice and public safety	47,186,308	46,817,295	369,013
Human rights	781,340	691,911	89,429
COVID-19 response	627,935	2,772	625,163
	<u>74,809,854</u>	<u>72,004,306</u>	<u>2,805,548</u>
Capital			
Management services	92,989	1,078,825	(985,836)
Court services	73,620	75,014	(1,394)
Community justice and public safety	2,585,029	2,324,070	260,959
	<u>2,751,638</u>	<u>3,477,909</u>	<u>(726,271)</u>
Less acquisition of tangible capital assets	<u>(431,794)</u>	<u>(1,058,684)</u>	<u>626,890</u>
	<u>2,319,844</u>	<u>2,419,225</u>	<u>(99,381)</u>
Amortization expense	<u>2,856,534</u>	<u>2,792,073</u>	<u>64,461</u>
Total expenses	<u>79,986,232</u>	<u>77,215,604</u>	<u>2,770,628</u>
Public Service Commission			
Operation and maintenance			
Corporate services	2,624,766	2,743,877	(119,111)
Human resource service centre	7,380,891	5,717,371	1,663,520
People and culture	5,301,705	5,295,064	6,641
Employee relations	5,086,298	5,032,927	53,371
Corporate funds	32,195,666	25,704,318	6,491,348
	<u>52,589,326</u>	<u>44,493,557</u>	<u>8,095,769</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Public Service Commission (continued)			
Capital			
Corporate services	\$ 32,618	\$ -	\$ 32,618
People and culture	4,860	653,842	(648,982)
Employee relations	-	1,248	(1,248)
	37,478	655,090	(617,612)
Less acquisition of tangible capital assets	-	(86,118)	86,118
	37,478	568,972	(531,494)
Amortization expense	274,581	272,786	1,795
Total expenses	52,901,385	45,335,315	7,566,070
Tourism and Culture			
Operation and maintenance			
COVID-19 response	5,445,509	-	5,445,509
Corporate services	2,448,010	2,434,009	14,001
Cultural services	12,680,014	13,197,597	(517,583)
Tourism	11,404,818	12,854,153	(1,449,335)
	31,978,351	28,485,759	3,492,592
Capital			
Corporate services	7,652	5,935	1,717
Cultural services	1,271,131	1,493,879	(222,748)
Tourism	489,782	532,450	(42,668)
	1,768,565	2,032,264	(263,699)
Less acquisition of tangible capital assets	(271,281)	(567,146)	295,865
	1,497,284	1,465,118	32,166
Amortization expense	1,165,399	1,124,951	40,448
Write-down of tangible capital assets	-	12,160	(12,160)
Total expenses	34,641,034	31,087,988	3,553,046

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Women's Directorate			
Operation and maintenance			
COVID-19 response	\$ 1,600	\$ -	\$ 1,600
Policy and program development	2,767,780	2,432,942	334,838
	<u>2,769,380</u>	<u>2,432,942</u>	<u>336,438</u>
Capital			
COVID-19 response	-	-	-
Policy and program development	-	6,782	(6,782)
	<u>-</u>	<u>6,782</u>	<u>(6,782)</u>
Total expenses	<u>2,769,380</u>	<u>2,439,724</u>	<u>329,656</u>
Yukon Development Corporation (Transfer Payment)			
Operation and maintenance			
Interim electrical rebate	3,429,309	3,375,066	54,243
Mayo B rate payer support	2,625,000	2,625,000	-
	<u>6,054,309</u>	<u>6,000,066</u>	<u>54,243</u>
Capital			
Innovative renewable energy initiative	1,500,000	1,518,235	(18,235)
Investing in Canada infrastructure program	15,251,582	-	15,251,582
	<u>16,751,582</u>	<u>1,518,235</u>	<u>15,233,347</u>
Total expenses	<u>22,805,891</u>	<u>7,518,301</u>	<u>15,287,590</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Yukon Housing Corporation (Transfer Payment)			
Operation and maintenance			
Gross expenditures	\$ 19,197,331	\$ 18,357,818	\$ 839,513
Less: Rental revenues	(7,246,577)	(6,983,218)	(263,359)
Recoveries	(5,842,336)	(6,216,345)	374,009
	<u>6,108,418</u>	<u>5,158,255</u>	<u>950,163</u>
Capital			
Gross expenditures	29,356,089	20,966,713	8,389,376
Less: Recoveries	(6,956,564)	(6,305,736)	(650,828)
Loan expenditures	(4,987,949)	(5,438,882)	450,933
	<u>17,411,576</u>	<u>9,222,095</u>	<u>8,189,481</u>
	<u>23,519,994</u>	<u>14,380,350</u>	<u>9,139,644</u>
Restricted Funds			
Net expenditures	4,459,910	(7,569,144)	12,029,054
Amortization expense	<u>4,972,102</u>	<u>4,626,308</u>	<u>345,794</u>
Total expenses	<u>9,432,012</u>	<u>(2,942,836)</u>	<u>12,374,848</u>

GOVERNMENT OF YUKON

Schedule 3

**Comparative Schedule of Expenses
for the year ended March 31, 2021**

	2020-21	2019-20	Increase (Decrease)
Totals			
Operation and maintenance	\$ 1,287,734,794	\$ 1,223,066,076	\$ 64,668,718
Capital	302,732,292	272,405,491	30,326,801
	1,590,467,086	1,495,471,567	94,995,519
Less: Acquisition of tangible capital assets	(84,446,337)	(97,210,903)	12,764,566
Land development costs transferred to land inventory	(19,643,595)	(18,219,964)	(1,423,631)
Loan advances transferred to loans receivable	(2,255,670)	(4,931,686)	2,676,016
Lease payments for leased tangible capital assets transferred to liabilities	(1,047,988)	(1,016,420)	(31,568)
	1,483,073,496	1,374,092,594	108,980,902
Cost of land sold	33,630,477	17,591,761	16,038,716
Amortization expenses	65,867,381	62,663,715	3,203,666
Other expenses not appropriated	8,810,378	(4,004,476)	12,814,854
	\$ 1,591,381,732	\$ 1,450,343,594	\$ 141,038,138

GOVERNMENT OF YUKON
**Schedule of Expenses by Department
 for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Yukon Legislative Assembly						
Operation and maintenance	\$ 4,044,000	\$ -	\$ -	\$ 4,044,000	\$ 3,601,849	\$ 442,151
Legislative services	1,126,000	-	-	1,126,000	926,748	199,252
Legislative Assembly Office	2,730,000	205,000	-	2,935,000	3,692,854	(757,854)
Retirement allowances and death benefits	597,000	-	-	597,000	476,993	120,007
Hansard	41,000	-	-	41,000	36,199	4,801
Conflicts Commission						
	8,538,000	205,000	-	8,743,000	8,734,643	8,357
Capital						
Legislative Assembly Office	41,000	-	-	41,000	40,359	641
Total expenses	8,579,000	205,000	-	8,784,000	8,775,002	8,998
Elections Office						
Operation and maintenance	544,000	311,000	-	855,000	845,781	9,219
Elections	5,000	-	-	5,000	4,631	369
Capital						
Office Furniture and Equipment	549,000	311,000	-	860,000	850,412	9,588
Total expenses						

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Office of the Ombudsman						
Operation and maintenance Office of the Ombudsman	\$ 1,381,000	\$ -	\$ -	\$ 1,381,000	\$ 1,377,609	\$ 3,391
Capital Office of the Ombudsman	10,000	-	-	10,000	9,780	220
Amortization expense	12,000	-	-	12,000	11,997	3
Total expenses	1,403,000	-	-	1,403,000	1,399,386	3,614
Child and Youth Advocate Office						
Operation and maintenance Child and Youth Advocate Office	700,000	50,000	-	750,000	744,664	5,336
Capital Child and Youth Advocate Office	3,000	-	-	3,000	2,160	840
Total expenses	703,000	50,000	-	753,000	746,824	6,176

GOVERNMENT OF YUKON
**Schedule of Expenses by Department
 for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Executive Council Office						
Operation and maintenance						
Strategic corporate services	\$ 3,919,000	\$ 79,000	\$ -	\$ 3,998,000	\$ 3,951,130	\$ 46,870
Aboriginal relations	8,242,000	675,000	-	8,917,000	8,340,717	576,283
Corporate programs and intergovernmental relations	6,931,000	130,000	-	7,061,000	6,792,828	268,172
Government internal audit services	614,000	-	-	614,000	408,184	205,816
Office of the Commissioner	305,000	-	-	305,000	213,691	91,309
Cabinet Offices	3,323,000	-	-	3,323,000	2,757,467	565,533
COVID-19 pandemic	-	-	-	-	389,480	(389,480)
	23,334,000	884,000	-	24,218,000	22,853,497	1,364,503
Capital						
Strategic corporate services	20,000	-	-	20,000	9,460	10,540
Amortization expense	9,000	-	-	9,000	9,373	(373)
Total expenses	23,363,000	884,000	-	24,247,000	22,872,330	1,374,670

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Community Services						
Operation and maintenance						
COVID-19 Response	-	12,575,000	-	12,575,000	9,890,498	2,684,502
Corporate services	4,603,000	-	-	4,603,000	4,740,580	(137,580)
Protective services	37,296,000	(3,000,000)	-	34,296,000	34,095,635	200,365
Community development	46,732,000	100,000	-	46,832,000	46,081,905	750,095
Corporate policy and consumer affairs	11,892,000	180,000	-	12,072,000	12,131,907	(59,907)
	100,523,000	9,855,000	-	110,378,000	106,940,525	3,437,475
Capital						
COVID-19 Response	-	190,000	-	190,000	185,791	4,209
Corporate services	-	-	-	-	-	-
Protective services	2,191,000	510,000	-	2,701,000	1,856,142	844,858
Community development	113,016,000	(425,000)	-	112,591,000	92,036,693	20,554,307
Corporate policy and consumer affairs	2,110,000	-	-	2,110,000	2,804,524	(694,524)
	117,317,000	275,000	-	117,592,000	96,883,150	20,708,850
Less: Acquisition of tangible capital assets	(3,331,000)	(3,356,000)	-	(6,687,000)	(3,039,592)	(3,647,408)
Land development costs transferred to land inventory	(26,926,000)	-	-	(26,926,000)	(19,499,714)	(7,426,286)
Local improvement costs transferred to loans receivable	(2,100,000)	-	-	(2,100,000)	(2,255,670)	155,670
	84,960,000	(3,081,000)	-	81,879,000	72,088,174	9,790,826
Cost of land sold	22,336,000	-	-	22,336,000	33,630,477	(11,294,477)
Amortization expense	6,274,000	-	-	6,274,000	6,777,069	(503,069)

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Community Services						
Bad debts expense	\$ 16,000	\$ -	\$ -	\$ 16,000	\$ 540,013	\$ (524,013)
Total expenses	214,109,000	6,774,000	-	220,883,000	219,976,258	906,742
Economic Development						
Operation and maintenance						
Pandemic	-	23,493,000	-	23,493,000	16,291,241	7,201,759
Corporate services	2,084,000	70,000	-	2,154,000	2,051,218	102,782
Policy, planning and communications	1,977,000	-	-	1,977,000	1,564,855	412,145
Business and industry development	8,118,000	(325,000)	-	7,793,000	7,379,228	413,772
Regional economic development	5,186,000	(78,000)	-	5,108,000	4,516,475	591,525
	17,365,000	23,160,000	-	40,525,000	31,803,017	8,721,983
Capital						
Corporate services	8,000	-	-	8,000	7,423	577
Business and industry development	1,062,000	-	-	1,062,000	1,061,387	613
	1,070,000	-	-	1,070,000	1,068,810	1,190
Total expenses	18,435,000	23,160,000	-	41,595,000	32,871,827	8,723,173

GOVERNMENT OF YUKON
**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Education						
Operation and maintenance						
COVID-19 response	\$ -	\$ 6,580,000	\$ -	\$ 6,580,000	\$ 6,073,698	\$ 506,302
Education support services	4,449,000	129,000	-	4,578,000	3,984,227	593,773
Schools and student services	127,692,000	(587,000)	-	127,105,000	124,789,362	2,315,638
Policy and partnerships	25,453,000	(5,572,000)	-	19,881,000	16,982,936	2,898,064
Yukon University	27,123,000	-	-	27,123,000	28,531,922	(1,408,922)
First Nations initiatives	8,278,000	(54,000)	-	8,224,000	7,526,360	697,640
	192,995,000	496,000	-	193,491,000	187,888,505	5,602,495
Capital						
COVID-19 response	-	800,000	-	800,000	394,135	405,865
Schools and student services	24,324,000	(5,505,000)	-	18,819,000	15,931,806	2,887,194
Yukon University	400,000	-	-	400,000	400,000	-
	24,724,000	(4,705,000)	-	20,019,000	16,725,941	3,293,059
Less acquisition of tangible capital assets	(15,179,000)	1,327,000	-	(13,852,000)	(12,872,373)	(979,627)
Amortization expense	8,490,000	(950,000)	-	7,540,000	7,683,112	(143,112)
Total expenses	211,030,000	(3,832,000)	-	207,198,000	199,425,185	7,772,815

GOVERNMENT OF YUKON
**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Energy, Mines and Resources						
Operation and maintenance	\$ -	\$ 1,100,000	\$ -	\$ 1,100,000	\$ 1,100,000	\$ -
COVID-19 response	3,507,000	-	-	3,507,000	3,291,758	215,242
Corporate services	11,307,000	188,000	-	11,495,000	10,915,106	579,894
Sustainable resources	11,169,000	523,000	-	11,692,000	9,238,244	2,453,756
Energy, corporate policy and communications	28,491,000	1,106,000	-	29,597,000	25,719,467	3,877,533
Oil and gas and mineral resources	8,914,000	60,000	-	8,974,000	8,429,698	544,302
Client services and partnerships						
	63,388,000	2,977,000	-	66,365,000	58,694,273	7,670,727
Capital						
Corporate services	75,000	-	-	75,000	71,240	3,760
Sustainable resources	425,000	-	-	425,000	354,839	70,161
	500,000	-	-	500,000	426,079	73,921
Less: Acquisition of tangible capital assets	(225,000)	-	-	(225,000)	(192,040)	(32,960)
Land development costs transferred to land inventory	(250,000)	-	-	(250,000)	(143,881)	(106,119)
	25,000	-	-	25,000	90,158	(65,158)
Amortization expense	462,000	-	-	462,000	515,780	(53,780)
Environmental liabilities (net)	(2,200,000)	1,980,000	-	(220,000)	(54,710)	(165,290)
Total expenses	61,675,000	4,957,000	-	66,632,000	59,245,501	7,386,499

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Environment						
Operation and maintenance						
COVID-19 response	\$ -	\$ 1,193,000	\$ -	\$ 1,193,000	\$ 1,222,968	\$ (29,968)
Corporate services	11,495,000	515,000	-	12,010,000	10,945,739	1,064,261
Environmental sustainability	26,122,000	439,000	-	26,561,000	26,430,569	130,431
Environmental liabilities and remediation	7,203,000	-	-	7,203,000	2,905,558	4,297,442
	44,820,000	2,147,000	-	46,967,000	41,504,834	5,462,166
Capital						
Corporate services	410,000	1,000	-	411,000	483,079	(72,079)
Environmental sustainability	1,609,000	-	-	1,609,000	1,473,940	135,060
	2,019,000	1,000	-	2,020,000	1,957,019	62,981
Less acquisition of tangible capital assets	(440,000)	-	-	(440,000)	(1,106,836)	666,836
	1,579,000	1,000	-	1,580,000	850,183	729,817
Amortization expense	555,000	-	-	555,000	583,573	(28,573)
Write-down/disposal loss of tangible capital assets	-	-	-	-	11,281	(11,281)
Environmental liabilities (net)	(4,098,000)	-	-	(4,098,000)	(831,973)	(3,266,027)
Total expenses	42,856,000	2,148,000	-	45,004,000	42,117,898	2,886,102

GOVERNMENT OF YUKON
**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Finance						
Operation and maintenance						
Corporate services	\$ 1,155,000	\$ -	\$ -	\$ 1,155,000	\$ 1,183,720	\$ (28,720)
COVID-19 response	-	-	-	-	39,649	(39,649)
Financial operations and revenue services	3,899,000	-	-	3,899,000	3,457,142	441,858
Economics, fiscal policy and statistics	2,813,000	-	-	2,813,000	2,710,339	102,661
Management board secretariat	2,414,000	-	-	2,414,000	2,599,435	(185,435)
Office of the Comptroller	1,018,000	-	-	1,018,000	955,151	62,849
Workers' compensation supplementary benefits	275,000	-	-	275,000	308,560	(33,560)
Amortization expense	130,000	(23,000)	-	107,000	105,402	1,598
Bad debts expense	48,000	-	-	48,000	95,634	(47,634)
Transfers through the tax system	2,552,000	-	-	2,552,000	2,065,686	486,314
Total expenses	14,304,000	(23,000)	-	14,281,000	13,520,717	760,283

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
French Language Services Directorate						
Operation and maintenance						
French language services	\$ 6,302,000	\$ 400,000	\$ -	\$ 6,702,000	6,445,386	256,614
Health and Social Services						
Operation and maintenance						
COVID-19 response	-	39,695,000	-	39,695,000	43,195,000	(3,500,000)
Corporate services	18,844,000	1,805,000	-	20,649,000	16,562,937	4,086,063
Family and children's services	44,919,000	3,556,000	-	48,475,000	47,158,000	1,317,000
Social supports	44,904,000	2,124,000	-	47,028,000	45,026,595	2,001,405
Community and program support	9,904,000	1,581,000	-	11,485,000	12,512,015	(1,027,015)
Mental wellness and substance use services	20,256,000	271,000	-	20,527,000	21,799,709	(1,272,709)
Health services	145,056,000	2,385,000	-	147,441,000	134,146,199	13,294,801
Continuing care	83,364,000	1,285,000	-	84,649,000	79,059,233	5,589,767
Yukon hospital services	81,333,000	248,000	-	81,581,000	79,131,302	2,449,698
	448,580,000	52,950,000	-	501,530,000	478,590,990	22,939,010

GOVERNMENT OF YUKON
**Schedule of Expenses by Department
 for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Health and Social Services						
Capital	\$ -	\$ 7,582,000	\$ -	\$ 7,582,000	\$ 7,218,086	\$ 363,914
Corporate services	185,000	-	-	185,000	146,827	38,173
Family and children's services	1,015,000	-	-	1,015,000	172,204	842,796
Social supports	30,000	-	-	30,000	13,873	16,127
Community and program support	20,000	-	-	20,000	272,367	(252,367)
Mental wellness and substance use services	2,453,000	-	-	2,453,000	2,216,254	236,746
Health services	5,112,000	510,000	-	5,622,000	3,788,402	1,833,598
Continuing care	4,000,000	1,750,000	-	5,750,000	5,750,000	-
Yukon hospital services						
	12,815,000	9,842,000	-	22,657,000	19,578,013	3,078,987
Less acquisition of tangible capital assets	(902,000)	(660,000)	-	(1,562,000)	(2,946,168)	1,384,168
	11,913,000	9,182,000	-	21,095,000	16,631,845	4,463,155
Amortization expense	7,725,000	-	-	7,725,000	7,727,822	(2,822)
Write-down of tangible capital assets	-	-	-	-	492,910	(492,910)
Total expenses	468,218,000	62,132,000	-	530,350,000	503,443,567	26,906,433

GOVERNMENT OF YUKON
**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Highways and Public Works						
Operation and maintenance	\$ -	\$ 12,595,000	\$ -	\$ 12,595,000	\$ 6,686,766	\$ 5,908,234
COVID-19 response	14,264,000	220,000	-	14,484,000	14,400,321	83,679
Corporate services	22,518,000	431,000	-	22,949,000	22,578,713	370,287
Information and communications technology	63,491,000	3,994,000	-	67,485,000	68,325,611	(840,611)
Transportation	44,346,000	628,000	-	44,974,000	43,909,474	1,064,526
Property management	-	-	-	-	(20,334)	20,334
Program Specific	-	-	-	-	(133,115)	133,115
Central Stores write off						
	144,619,000	17,868,000	-	162,487,000	155,747,436	6,739,564
	(1,048,000)	-	-	(1,048,000)	(1,047,988)	(12)
Less lease payments for leased tangible capital assets transferred to liabilities	143,571,000	17,868,000	-	161,439,000	154,699,448	6,739,552
Capital						
COVID-19 response	-	653,000	-	653,000	639,598	13,402
Information and communications technology	15,700,000	(2,500,000)	-	13,200,000	13,189,095	10,905
Transportation	87,958,000	9,962,000	-	97,920,000	90,160,740	7,759,260
Property management	60,160,000	(30,462,000)	-	29,698,000	23,316,618	6,381,382
	163,818,000	(22,347,000)	-	141,471,000	127,306,051	14,164,949
Less acquisition of tangible capital assets	(63,789,000)	(6,682,000)	-	(70,471,000)	(63,586,253)	(6,884,747)
Amortization expense	100,029,000	(29,029,000)	-	71,000,000	63,719,798	7,280,202
Write-down/disposal loss of tangible capital assets	30,899,000	(438,000)	-	30,461,000	33,184,637	(2,723,637)
Rental expense recognized from prepaid expenses	-	-	-	-	1,929,101	(1,929,101)
Total expenses	103,000	-	-	103,000	102,527	473
	274,602,000	(11,599,000)	-	263,003,000	253,635,511	9,367,489

GOVERNMENT OF YUKON
**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Justice						
Operation and maintenance						
COVID-19 Response	\$ -	\$ 768,000	\$ -	\$ 768,000	\$ 627,935	\$ 140,065
Management services	4,557,000	-	-	4,557,000	4,279,940	277,060
Court services	7,278,000	13,000	-	7,291,000	7,454,732	(163,732)
Legal services	9,209,000	-	-	9,209,000	9,933,268	(724,268)
Regulatory services	4,740,000	-	-	4,740,000	4,546,331	193,669
Community justice and public safety	48,581,000	511,000	-	49,092,000	47,186,308	1,905,692
Human rights	756,000	-	-	756,000	781,340	(25,340)
	75,121,000	1,292,000	-	76,413,000	74,809,854	1,603,146
Capital						
Management services	1,485,000	(1,060,000)	-	425,000	92,989	332,011
Court services	75,000	-	-	75,000	73,620	1,380
Community justice and public safety	2,323,000	350,000	-	2,673,000	2,585,029	87,971
	3,883,000	(710,000)	-	3,173,000	2,751,638	421,362
Less acquisition of tangible capital assets	(1,400,000)	719,000	-	(681,000)	(431,794)	(249,206)
	2,483,000	9,000	-	2,492,000	2,319,844	172,156
Amortization expense	2,840,000	-	-	2,840,000	2,856,534	(16,534)
Total expenses	80,444,000	1,301,000	-	81,745,000	79,986,232	1,758,768

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Public Service Commission						
Operation and maintenance						
Corporate services	\$ 2,685,000	\$ (2,000)	\$ -	\$ 2,683,000	\$ 2,624,766	\$ 58,234
Human resource service centre	7,747,000	144,000	-	7,891,000	7,380,891	510,109
People and culture	5,916,000	(37,000)	-	5,879,000	5,301,705	577,295
Employee relations	5,019,000	(105,000)	-	4,914,000	5,086,298	(172,298)
Corporate funds	31,667,000	559,000	-	32,226,000	32,195,666	30,334
	53,034,000	559,000	-	53,593,000	52,589,326	1,003,674
Capital						
Corporate services	50,000	-	-	50,000	32,618	17,382
People and culture	23,000	-	-	23,000	4,860	18,140
Employee relations	10,000	-	-	10,000	-	10,000
	83,000	-	-	83,000	37,478	45,522
Amortization expense	266,000	-	-	266,000	274,581	(8,581)
Total expenses	53,383,000	559,000	-	53,942,000	52,901,385	1,040,615

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Tourism and Culture						
Operation and maintenance						
COVID-19 response	\$ -	\$ 7,847,000	\$ -	\$ 7,847,000	\$ 5,445,509	\$ 2,401,491
Corporate services	2,585,000	(125,000)	-	2,460,000	2,448,010	11,990
Cultural services	13,527,000	(30,000)	-	13,497,000	12,680,014	816,986
Tourism	12,604,000	(145,000)	-	12,459,000	11,404,818	1,054,182
	28,716,000	7,547,000	-	36,263,000	31,978,351	4,284,649
Capital						
Corporate services	10,000	-	-	10,000	7,652	2,348
Cultural services	2,119,000	(100,000)	-	2,019,000	1,271,131	747,869
Tourism	500,000	-	-	500,000	489,782	10,218
	2,629,000	(100,000)	-	2,529,000	1,768,565	760,435
Less acquisition of tangible capital assets	(500,000)	100,000	-	(400,000)	(271,281)	(128,719)
	2,129,000	-	-	2,129,000	1,497,284	631,716
Total expenses	31,894,000	7,547,000	-	39,441,000	34,641,034	4,799,966

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Women's Directorate						
Operation and maintenance						
COVID-19 response	\$ -	\$ -	\$ -	\$ -	\$ 1,600	\$ (1,600)
Policy and program development	2,696,000	194,000	-	2,890,000	2,767,780	122,220
Total expenses	2,696,000	194,000	-	2,890,000	2,769,380	120,620
Yukon Development Corporation (Transfer Payment)						
Operation and maintenance						
Interim electrical rebate	3,500,000	-	-	3,500,000	3,429,309	70,691
Mayo B rate payer support	2,625,000	-	-	2,625,000	2,625,000	-
Total expenses	6,125,000	-	-	6,125,000	6,054,309	70,691
Capital						
Innovative renewable energy initiative	1,500,000	-	-	1,500,000	1,500,000	-
Arctic energy fund	3,750,000	-	-	3,750,000	-	3,750,000
Investing in Canada infrastructure program	-	20,875,000	-	20,875,000	15,251,582	5,623,418
Total expenses	5,250,000	20,875,000	-	26,125,000	16,751,582	9,373,418
Total expenses	11,375,000	20,875,000	-	32,250,000	22,805,891	9,444,109

GOVERNMENT OF YUKON

Schedule 4

**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation				Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	
Yukon Housing Corporation (Transfer Payment)					
Operation and maintenance					
Gross expenditures	19,431,000	-	-	19,431,000	19,197,331
Less: Rental revenues	(6,665,000)	-	-	(6,665,000)	(7,246,577)
Recoveries	(5,782,000)	-	-	(5,782,000)	(5,842,336)
	6,984,000	-	-	6,984,000	6,108,418
Capital					
Gross expenditures	35,532,000	1,588,000	-	37,120,000	29,356,089
Less: Recoveries	(6,462,000)	-	-	(6,462,000)	(6,956,564)
Loan expenditures	(5,280,000)	-	-	(5,280,000)	(4,987,949)
	23,790,000	1,588,000	-	25,378,000	17,411,576
Total expenses	30,774,000	1,588,000	-	32,362,000	23,519,994
					8,842,006

GOVERNMENT OF YUKON
**Schedule of Expenses by Department
 for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Loan Capital and Loan Amortization						
Operation and maintenance Loans to third parties	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
Less loan advances transferred to loans receivable	(5,000,000)	-	-	(5,000,000)	-	(5,000,000)
Total expenses	-	-	-	-	-	-
Restricted Funds						
Net expenditures	(10,266,000)	-	-	(10,266,000)	4,459,910	(14,725,910)
Amortization expense	4,439,000	-	-	4,439,000	4,972,102	(533,102)
Total expenses	(5,827,000)	-	-	(5,827,000)	9,432,012	(15,259,012)

GOVERNMENT OF YUKON
**Schedule of Expenses by Department
for the year ended March 31, 2021**

	Appropriation					Under (Over) Estimates
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	
Totals						
Operation and maintenance	\$ 1,242,339,000	\$ 120,895,000	\$ -	\$ 1,363,234,000	\$ 1,287,734,794	\$ 75,499,206
Capital	357,977,000	4,719,000	-	362,696,000	302,732,292	59,963,708
Less: Acquisition of tangible capital assets	(85,766,000)	(8,552,000)	-	(94,318,000)	(84,446,337)	(9,871,663)
Land development costs transferred to land held for sale	(27,176,000)	-	-	(27,176,000)	(19,643,595)	(7,532,405)
Loan advances transferred to loans receivable	(7,100,000)	-	-	(7,100,000)	(2,255,670)	(4,844,330)
Lease payments for leased tangible capital assets transferred to liabilities	(1,048,000)	-	-	(1,048,000)	(1,047,988)	(12)
Cost of land sold	22,336,000	-	-	22,336,000	33,630,477	(11,294,477)
Amortization expenses	63,150,000	(1,411,000)	-	61,739,000	65,867,381	(4,128,381)
Other expenses not appropriated	(13,845,000)	1,980,000	-	(11,865,000)	8,810,379	(20,675,379)
Adjustments	(29,102,000)	(17,601,000)	-	(46,703,000)	-	(46,703,000)
	1,521,765,000	100,030,000	-	1,621,795,000	1,591,381,732	30,413,268

GOVERNMENT OF YUKON

Schedule 5

**Schedule of Recoveries of Prior Years' Expenses
for the year ended March 31, 2021**

Department	Over Accruals	Other Recoveries	Total
Health and Social Services	\$ 125,653	\$ 128,659	\$ 254,312
Community Services	12,755	231,520	244,275
Justice	202,202	30,973	233,175
Tourism and Culture	-	99,913	99,913
Executive Council Office	28,026	71,084	99,110
Highways and Public Works	894	51,471	52,365
Economic Development	8,080	36,224	44,304
Energy, Mines and Resources	-	44,291	44,291
Finance	3,656	4,432	8,088
Environment	3	3,320	3,323
Child and Youth Advocate	-	2,729	2,729
Public Service Commission	-	1,668	1,668
Legislative Assembly	532	-	532
Education	14,355	(15,877)	(1,522)
	\$ 396,156	\$ 690,407	\$ 1,086,563

GOVERNMENT OF YUKON

Schedule 6

**Schedule of Restricted Funds
for the year ended March 31, 2021**

	Recycling Fund	Youth Investment Fund	Health Investment Fund	External Professional Development Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund	Wildland Fire Suppression Revolving Fund
							CLOSED		CLOSED
Revenues									
Appropriation	\$ 175,000	\$ 102,000	\$ 50,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -
Operating	5,653,733	-	-	-	42	16,808,334	-	4,870,417	-
	5,828,733	102,000	50,000	25,000	42	16,808,334	-	4,870,417	-
Expenses									
Operating	4,709,696	69,406	-	-	-	10,333,321	(326,776)	2,318,217	-
Amortization	-	-	-	-	-	3,407,887	-	1,564,215	-
	4,709,696	69,406	-	-	-	13,741,208	(326,776)	3,882,432	-
Net profit (loss) for the year	1,119,037	32,594	50,000	25,000	42	3,067,126	326,776	987,985	-
Adjustments for the <i>Financial Administration Act</i> requirements									
Acquisition of capital assets	-	-	-	-	-	(2,923,721)	-	(351,284)	-
Amortization of capital assets	-	-	-	-	-	3,407,887	-	1,564,215	-
(Gain) loss on sale of capital assets	-	-	-	-	-	(25,000)	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-	25,000	-	-	-
Balance at beginning of year	1,048,866	23,020	151,373	59,325	167,509	4,417,328	(326,776)	4,971,228	-
Balance at end of year	\$ 2,167,903	\$ 55,614	\$ 201,373	\$ 84,325	\$ 167,551	\$ 7,988,620	\$ -	\$ 7,172,144	\$ -

GOVERNMENT OF YUKON

Schedule 6

**Schedule of Restricted Funds
for the year ended March 31, 2021**

	Recycling Fund	Youth Investment Fund	Health Investment Fund	External Professional Development Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund	Wildland Fire Suppression Revolving Fund
Assets									
Accounts receivable	\$ 433,190	\$ -	\$ -	\$ -	\$ -	\$ 27,065	\$ -	\$ 27,453	\$ -
Tangible capital assets	-	-	-	-	-	36,722,978	-	7,074,417	-
	433,190	-	-	-	-	36,750,043	-	7,101,870	-
Liabilities									
Accounts payable and accrued liabilities	22,011	-	-	-	-	50,536	-	346,490	-
Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:									
Accumulated surplus (deficit)	\$ 2,167,903	\$ 55,614	\$ 201,373	\$ 84,325	\$ 167,551	\$ 44,691,598	\$ -	\$ 11,733,715	\$ -

GOVERNMENT OF YUKON

Schedule 6

**Schedule of Restricted Funds
for the year ended March 31, 2021**

	Risk Management Revolving Fund	Assurance Fund	Yukon Historic Resources Fund	Corrections Revolving Fund	Elijah Smith Forest Renewal Fund	Carbon Rebate Revolving Fund	Region Relief and Recovery Revolving Fund	2021 Total	2020 Total
Revenues									
Appropriation Operating	\$ 2,064,867	\$ 277,372	\$ 28,265	\$ 83,531	\$ 10,962	\$ 14,886,802	\$ 100,000	\$ 2,445,132	\$ 32,884,627
	58,241							42,749,434	29,984,092
	2,123,108	277,372	28,265	83,531	10,962	14,886,802	100,000	45,194,566	62,868,719
Expenses									
Operating Amortization	2,123,108	20	14,508	84,223	-	14,886,802	100,000	34,312,525	52,899,864
	-	-	-	-	-	-	-	4,972,102	4,626,308
	2,123,108	20	14,508	84,223	-	14,886,802	100,000	39,284,627	57,526,172
Net profit (loss) for the year	-	277,352	13,757	(692)	10,962	-	-	5,909,939	5,342,547
Adjustments for the <i>Financial Administration Act</i> requirements									
Acquisition of capital assets	-	-	-	-	-	-	-	(3,275,005)	(8,540,284)
Amortization of capital assets	-	-	-	-	-	-	-	4,972,102	4,626,308
Gain on sale of capital assets	-	-	-	-	-	-	-	(25,000)	(141,472)
Proceeds on sale of capital assets	-	-	-	-	-	-	-	25,000	223,904
Balance at beginning of year	5,000,000	5,569,778	1,202,908	123,184	242,461	-	-	22,650,204	21,465,977
Balance at end of year	\$ 5,000,000	\$ 5,847,130	\$ 1,216,665	\$ 122,492	\$ 253,423	\$ -	\$ -	\$ 30,257,240	\$ 22,976,980

GOVERNMENT OF YUKON

Schedule 6

**Schedule of Restricted Funds
for the year ended March 31, 2021**

	Risk Management Revolving Fund	Assurance Fund	Yukon Historic Resources Fund	Corrections Revolving Fund	Elijah Smith Forest Renewal Fund	Carbon Rebate Revolving Fund	Region Relief and Recovery Revolving Fund	2021 Total	2020 Total
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	487,708	\$ 541,538
Tangible capital assets	-	-	-	-	-	-	-	43,797,395	45,497,419
	-	-	-	-	-	-	-	44,285,103	46,038,957
Liabilities									
Accounts payable and accrued liabilities	1,587,552	-	-	-	-	6,919,720	3,833,334	12,759,643	5,574,716

Assets and liabilities that are specific to each Fund and included in the Government's assets and liabilities are as follows:

Assets

Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	487,708	\$ 541,538
Tangible capital assets	-	-	-	-	-	-	-	43,797,395	45,497,419
	-	-	-	-	-	-	-	44,285,103	46,038,957

Liabilities

Accounts payable and accrued liabilities	1,587,552	-	-	-	-	6,919,720	3,833,334	12,759,643	5,574,716
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Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:

Accumulated surplus (deficit)	\$ 5,000,000	\$ 5,847,131	\$ 1,216,665	\$ 122,492	\$ 253,424	\$ -	\$ -	\$ 71,541,791	\$ 65,631,850
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GOVERNMENT OF YUKON

Schedule 7

**Schedule of Inventories of Supplies
for the year ended March 31, 2021**

	Garage Parts and Fuel Inventory Fund	Central Stores Fund	Highway Materials Fund	Fire Management Fuel & Retardant Inventory	2021 Total	2020 Total
Opening inventory	\$ 2,175,196	\$ 281,075	\$ 3,032,152	\$ 1,422,694	\$ 6,911,117	\$ 6,194,434
Add purchases	2,826,592	551,071	3,412,608	260,100	7,050,371	11,101,796
	5,001,788	832,146	6,444,760	1,682,794	13,961,488	17,296,230
Less: Consumption	3,055,790	844,600	3,494,006	192,934	7,587,330	10,263,116
Inventory adjustments	-	112,449	-	-	112,449	121,997
Closing inventory	\$ 1,945,998	\$ 99,995	\$ 2,950,754	\$ 1,489,860	\$ 6,486,607	\$ 6,911,117

GOVERNMENT OF YUKON

Schedule 8

**Schedule of Legislated Grants
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services				
Comprehensive municipal grants	\$ 20,019,000	\$ 20,019,000	\$ 20,018,708	\$ 292
Community Recreation Assistance Grants	818,000	818,000	780,311	37,689
In-lieu of property taxes	9,759,000	9,759,000	9,407,384	351,616
Home owner grants	4,104,000	4,104,000	4,041,607	62,393
	34,700,000	34,700,000	34,248,010	451,990
Education				
Post secondary student grants	5,034,000	5,034,000	4,358,069	675,931
Student transportation	116,000	116,000	70,639	45,361
Student accommodation (boarding subsidy)	30,000	30,000	13,225	16,775
	5,180,000	5,180,000	4,441,933	738,067
Finance				
Workers' compensation supplementary benefits	275,000	275,000	308,560	(33,560)
	275,000	275,000	308,560	(33,560)
Health and Social Services				
Social assistance - Whitehorse	18,194,000	19,694,000	20,805,653	(1,111,653)
Social assistance - region	3,068,000	3,568,000	3,239,033	328,967
Pioneer utility grant	1,946,000	2,056,000	2,055,299	701
Yukon seniors' income supplement	1,713,000	1,773,000	1,812,469	(39,469)
Child care subsidies	2,551,000	2,551,000	1,003,014	1,547,986
Medical travel subsidies	1,888,000	2,138,000	1,693,214	444,786
Adoption subsidies	180,000	180,000	79,709	100,291
Total appropriated	29,540,000	31,960,000	30,688,391	1,271,609

GOVERNMENT OF YUKON

Schedule 8

**Schedule of Legislated Grants
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual	Under (Over) Estimates
Finance				
Yukon child benefit	\$ 1,900,000	\$ 1,900,000	\$ 1,518,637	\$ 381,363
Research and development tax credit	600,000	600,000	497,154	102,846
Children's fitness tax credit	52,000	52,000	49,895	2,105
Total transfers through the tax system	2,552,000	2,552,000	2,065,686	486,314
	\$ 72,247,000	\$ 74,667,000	\$ 71,752,580	\$ 2,914,420

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Executive Council Office			
<u>Other transfer payments</u>			
Aboriginal relations			
- implementation initiatives - board and councils	\$ 4,017,000	\$ 3,617,000	\$ 3,583,342
- Yukon Land Use Planning Commission			689,876
- Yukon Fish and Wildlife Management Board			609,083
- Dawson Planning Commission			335,153
- Yukon Heritage Resources Board			233,255
- North Yukon Renewable Resources Council			175,962
- Teslin Renewable Resources Council			170,359
- Dawson District Renewable Resources Council			166,437
- Mayo District Renewable Resources Council			166,437
- Alsek Renewable Resources Council			159,151
- Carcross/Tagish Renewable Resources Council			159,151
- Carmacks Renewable Resources Council			159,151
- Dän Keyi Renewable Resources Council			159,151
- Laberge Renewable Resources Council			159,151
- Selkirk Renewable Resources Council			159,151
- Yukon Geographical Place Names Board			81,874
- various First Nations other	150,000	150,000	15,000
- Gordon Foundation			15,000
Council for Yukon First Nations	100,000	100,000	125,000
Youth strategy initiatives	1,515,000	1,575,000	1,488,472
- Bringing Youth Towards Equality Society			331,600
- Boys and Girls Club of Yukon			219,400
- Youth of Today Society			271,000
- Heart of Riverdale Community Centre			258,000
- Youth Investment Fund			102,000
- Big Brothers Big Sisters of Yukon			38,614
- Association franco-yukonnaise			25,000
- various youth groups			242,858
Intergovernmental Relations			297,728
- The Salvation Army Alaska			25,000
- Rideau Hall Foundation - Arctic Inspiration Prize	100,000	100,000	100,000
- University of Alberta	200,000	200,000	32,500
- Yukon University			58,232
- Carlton University			11,069
- Canadian Mountain Network			30,927
- Mitacs Inc.			40,000
- various transfer payments	60,000		
Strategic Corporate Services			57,600
- BYTE - Climate Change			57,600
Various transfer payments less than \$10,000	5,000	5,000	4,600
Total other government transfers	6,147,000	5,747,000	5,571,742

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Community Services			
<u>Funding programs</u>			
COVID-19 Response			
- Emergency Support Fund for Sport Organizations	\$ -	\$ 1,941,000	\$ 2,205,105
- Northern Support Phase 2	-	4,350,000	4,350,001
Recycling Fund	-	-	77,500
Sport	2,895,000	2,895,000	2,504,144
Community recreation/active living	1,197,000	1,197,000	1,262,143
Fire management - FireSmart	850,000	850,000	834,057
	<u>4,942,000</u>	<u>11,233,000</u>	<u>11,232,950</u>
<u>Other transfer payments</u>			
Small Communities fund	10,175,000	10,175,000	18,897,761
Investing in Canada infrastructure program	32,392,000	29,096,000	41,321,009
Clean Water Wastewater fund	450,000	450,000	847,911
Community library boards	399,000	399,000	349,545
- Watson Lake Library Board			\$ 57,779
- Dawson City Library Board			53,122
- Carcross Library Board			35,194
- Haines Junction Library Board			33,221
- Carmacks Library Board			33,031
- Teslin Library Board			33,243
- Mayo Library Board			22,177
- Faro Library Board			22,295
- Beaver Creek Library Board			15,421
- Tagish Library Board			16,168
- Pelly Crossing Library Board			16,375
- Burwash Landing Library Board			<u>11,519</u>
Kwanlin Dün First Nation			
- Whistle Bend Phase 4			35,720
Municipal ground water monitoring	111,000	111,000	135,470
- Town of Watson Lake			13,496
- City of Dawson			35,000
- Village of Carmacks			14,861
- Town of Faro			11,173
- Village of Mayo			14,345
- Various recipients			<u>46,595</u>
Solid waste - landfill agreements	239,000	239,000	205,000
- Vuntut Gwitchin First Nation			80,000
- City of Dawson			75,000
- Town of Watson Lake			<u>50,000</u>
Association of Yukon Communities	100,000	100,000	100,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Community Services			
<u>Other transfer payments (continued)</u>			
Community/Local Advisory Council - operation and maintenance	\$ 72,000	\$ 72,000	\$ 76,190
- Hamlet of Mount Lorne			15,238
- Marsh Lake Local Advisory Council			15,238
- South Klondike Local Advisory Council			15,238
- Tagish Area Advisory Committee			15,238
- Hamlet of Ibex Valley			15,238
Volunteer Benevoles Yukon Society	67,000	67,000	67,000
Emergency medical services			
- Volunteer Ambulance Services Society			94,924
- volunteer awards fund	110,000	110,000	12,583
- volunteer education			53,925
- volunteer community allowances			28,416
Emergency Management Organization			28,314
- National Defense - public safety broadband network	577,000	577,000	
- emergency measures preparation	-	-	28,314
Kluane First Nation			
- recreation/community centre	-	-	10,511
Carcross Recreation Board	-	-	25,000
Tagish Community Association	-	-	8,955
Lorne Mountain Community Association	-	-	23,755
Marsh Lake Community Society	-	-	16,485
Fire management - research	10,000	10,000	-
Champagne and Aishihik First Nations	-	-	2,167,485
Village of Carmacks			27,585
Gas tax fund	1,062,000	1,062,000	
YG led fuel management and fire mitigation projects			454,740
Fire management - Beat the Heat Training Camp	4,000	4,000	8,034
Various transfer payments less than \$10,000		54,000	46,412
	45,768,000	42,526,000	64,947,806
Total other government transfers	50,710,000	53,759,000	76,180,756

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Economic Development			
<u>Funding programs</u>			
Community development fund	\$ 2,950,000	\$ 2,950,000	\$ 2,593,830
Media development incentive programs	710,000	710,000	1,165,140
Regional economic development fund	800,000	800,000	604,216
Strategic industries development fund	800,000	800,000	549,630
Enterprise trade fund	360,000	360,000	143,591
	<u>5,620,000</u>	<u>5,620,000</u>	<u>5,056,407</u>
<u>Other transfer payments</u>			
COVID-19 Response			
Yukon Business Relief Program	-	12,024,000	9,776,829
Yukon Essential Workers Income Support	-	4,336,000	5,470,399
Regional Relief and Recovery Fund	-	3,933,000	-
Paid Sick Leave Rebate	-	1,200,000	661,437
COVID-19 Additional Supports	-	2,000,000	110,440
- Regional Economic Development			15,440
- Business & Industry Development			<u>95,000</u>
Yukon University			967,000
- innovation & entrepreneurship	835,000	835,000	835,000
- Yukon innovation prize management	105,000	105,000	105,000
- incubation program funding support			20,000
- summer business school video & learning mgmt system			<u>7,000</u>
Yukon First Nation Investment Limited Partnership			
Panache Ventures Investment fund	500,000	267,000	500,000
Yukon Gold Mining Alliance	397,000	397,000	397,500
- Yukon exploration & mining investment attraction		-	<u>397,500</u>
Yukonconstruct Society			343,618
- Canada Yukon business service centre	200,000	-	
- operational support/pathfinding services	150,000	250,000	250,000
- hall of innovators awards & display			30,000
- entrepreneur docu-series			14,000
- northern impact feasibility analysis			25,000
- kitchen upgrade for program use			<u>24,618</u>
Whitehorse Chamber of Commerce	120,000	120,000	164,953
- operational support			139,953
- Yuwin project		-	<u>25,000</u>
Yukon Information Technology Industry Society (YITIS)	125,000	125,000	133,455
- TechYukon consolidated projects		-	68,455
- operational support			<u>65,000</u>
Yukon First Nations Chamber of Commerce	125,000	125,000	101,000
- operational support			<u>101,000</u>
Sundog Retreat - sundog veggies			92,500
Yukon Chamber of Commerce, The	75,000	75,000	74,040
- operational support			<u>74,040</u>

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Economic Development			
<u>Other transfer payments (continued)</u>			
Music Yukon	\$ 50,000	\$ 50,000	\$ 50,000
- operational support			50,000
Screen Production Yukon Association	50,000	50,000	50,000
- operational support			50,000
Tr'ondëk Hwëch'in - mineral exploration opportunities			50,000
The Wandering Bison - freeze dried meals			47,965
MacBride Museum Society - music planning & development			37,500
Youth of Today Society - 2021 millennial town hall - virtual event			33,800
Council of Yukon First Nations - Yukon forum priorities collaboration			33,413
Bonton & Company Ltd - renovations & capital purchases			29,250
Pixel Box Studio Inc - work stations for training			29,250
Yukon Arts Centre Corporation			29,010
Däna Näye Ventures			28,385
- micro loan program	35,000	35,000	28,385
- business development program	26,000	26,000	-
Habitat for Humanity Yukon Society - develop social enterprise plan			26,250
Village of Teslin - mentoring project manager pilot			25,000
Creative Lab North Society - executive director pilot			24,000
Friends of Mount Sima - training & financial review			15,000
536228 Yukon Inc - marketing mentorship opportunities			15,000
Yukon Helpers Network			15,000
- cell phones, computers, tablets & accessories			
Miscellaneous transfer payments	332,000	332,000	
Various transfer payments less than \$10,000			1,607
	<u>3,125,000</u>	<u>26,285,000</u>	<u>19,333,601</u>
Total other government transfers	<u>8,745,000</u>	<u>31,905,000</u>	<u>24,390,008</u>
Education			
<u>Funding programs</u>			
Labour market development agreement	4,149,000	4,261,000	2,728,459
Workforce development agreement	2,462,000	999,000	2,729,985
COVID-19 WDA Funding	-	2,997,000	1,674,823
Community training fund	1,390,000	1,390,000	920,338
Student training and employment program	366,000	366,000	279,088
Yukon summer program	114,000	114,000	92,876
	<u>8,481,000</u>	<u>10,127,000</u>	<u>8,425,569</u>
<u>Other transfer payments</u>			
COVID-19 Financial Relief for Families	-	1,280,000	
- Sport Yukon			1,279,875

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates		Actual
Education				
<u>Other transfer payments (continued)</u>				
COVID-19 Tutor Support				
- Learning Disabilities Association of Yukon			\$ 10,000	\$ 36,000
- Liard First Nation			10,000	
- Skookum Jim Friendship Centre			10,000	
- various recipients			6,000	
Yukon University				
- operational funding	23,596,000	23,596,000		24,796,266
- Yukon Research Centre	1,386,000	1,386,000		1,347,876
- Centre for Northern Innovation in Mining	1,200,000	1,200,000		1,200,000
- licensed practical nurse program	491,000	491,000		737,780
- Northern Institute of Social Justice	450,000	450,000		450,000
- youth exploring trades	75,000	75,000		75,000
Commission scolaire francophone du Yukon				
- operations and maintenance	7,131,000	1,360,000		1,252,975
- additional Support under COVID funding	-	-		257,300
Council of Yukon First Nations				
- native language program	1,135,000	1,234,000		1,226,009
Yukon First Nations Education Directorate				
- education support	735,000	735,000		735,000
First Nation education agreements	1,510,000	1,560,000		1,488,068
Foundational skills	876,000	876,000		501,202
- Yukon Literacy Coalition			- 491,702	
- various recipients			- 9,500	
Association franco-yukonnaise	220,000	220,000		282,000
Special payments for education-related events/student activities	270,000	258,000		108,585
- Heart of Riverdale			20,000	
- Big Brothers & Big Sisters of Yukon			19,500	
- Yukon Wildlife Preserve Operating Society			19,116	
- Yukon Food for Learning Association			17,000	
- various recipients			32,969	
Remuneration school councils/committees	257,000	257,000		249,771
- Catholic Education Association of Yukon			28,731	
- Association of Yukon School Councils Boards & Committees			10,000	
- F.H. Collins Secondary School Council			11,185	
- Porter Creek Secondary School Council			11,185	
- Watson Lake School Council			11,185	
- various recipients			177,485	
Tutor program	150,000	150,000		109,197
- Learning Disabilities Association of Yukon			75,000	
- Skookum Jim Friendship Centre			33,439	
- various recipients			758	
Post-secondary student scholarships	119,000	119,000		118,000
- Lester B. Pearson College			68,000	
- University of Saskatchewan			50,000	
Education related organizations	105,000	105,000		127,331
- Council of Ministers of Education, Canada			- 127,331	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Education			
<u>Other transfer payments (continued)</u>			
Whole child project	\$ 141,000	\$ 141,000	\$ 80,934
- Dealing with the Whole Child Society			77,897
- various recipients			3,037
Attendance initiative	50,000	131,000	130,097
- Individual Learning Centre School trust			
- Elijah Smith Elementary School trust			13,500
- F.H. Collins Secondary School Trust			20,000
- Gadzoosdaa student residence trust			18,000
- Selkirk Elementary School trust			13,000
- St. Elias Community School trust			10,000
- Teen Parent			10,000
- various recipients			45,597
French second language support	49,000	49,000	45,947
- Whitehorse Elementary School trust			17,591
- various recipients			28,356
First Nations elder program	44,000	44,000	49,550
- Teslin Tlingit Council			30,000
- Champagne and Aishihik First Nations			15,000
- various recipients			4,550
School cultural activities	97,000	97,000	41,000
- Northern Cultural Expressions Society			25,000
- Tr'ondëk Hwëch'in			16,000
Apprenticeship initiatives	58,000	58,000	33,620
- Receiver General for Canada			33,620
COVID-19 Response			
- Yukon University		480,000	276,716
Schools and Student Services			
Commission scolaire francophone du Yukon			
- capital repairs		19,000	18,788
Yukon University			
- Yukon University transition signage	400,000	400,000	400,000
	40,545,000	36,771,000	37,454,887
Total other government transfers	49,026,000	46,898,000	45,880,456

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates		Actual
Energy, Mines and Resources				
<u>Funding programs</u>				
Low carbon economy leadership fund	\$ 3,760,000	\$ 3,760,000		\$ 2,141,894
Rebate programs	1,760,000	1,760,000		1,732,170
Yukon mineral exploration program	1,400,000	1,400,000		1,400,000
Agriculture - Canadian agricultural partnership	875,000	997,000		760,621
	<u>7,795,000</u>	<u>7,917,000</u>		<u>6,034,685</u>
<u>Other transfer payments</u>				
COVID-19 Response				
- Yukon Mineral Exploration Program	-	1,100,000		1,100,000
Mining memorandum of understanding				495,653
- various First Nations	750,000	750,000	322,440	
- various recipients			<u>173,213</u>	
Geological survey work	215,000	215,000		130,549
- Boise State University			64,718	
- Dalhousie University			10,465	
- Memorial University			28,050	
- Laurentian University			8,300	
- Simon Fraser University			<u>19,016</u>	
Type II mine site reclamation				
- various Yukon First Nations	466,000	466,000	137,463	137,463
- Town of Faro	50,000	50,000	-	
Energy - cost shared projects				
- various recipients	47,000	47,000		318,600
Utilities Consumers Group	3,000	3,000		3,000
Yukon Chamber of Mines	100,000	100,000		120,000
Klondike Placer Miners' Association	120,000	120,000		198,609
Yukon Agricultural Association - operational funding	90,000	90,000		90,000
Yukon Wood Products Association	40,000	40,000		30,000
Canadian Council of Forest Ministers	6,000	6,000		15,000
Yukon invasive species council	-	-		10,000
Agriculture related - non CAP funding	-	-		54,272
Yukon Science Institute (Yukon-Stikine Regional Science Fair)	6,000	6,000		4,500
Forest management plans assistance				
- various recipients	9,000	9,000		24,600
Oil and gas resources				
- various Yukon First Nations	50,000	50,000		87,000
Yukon Women in Mining Association	-	-		11,500
Na-Cho Nyak Dun First Nation - ATAC	-	-		200,000
Successor resource legislation working group				
- various First Nations	70,000	70,000		-

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Energy, Mines and Resources			
<u>Other transfer payments (continued)</u>			
Oil and gas and mineral resources - regulatory costs			
- various recipients	\$ 35,000	\$ 35,000	\$ 42,000
Forestry research			
- University of Northern British Columbia	9,000	9,000	-
	2,066,000	3,166,000	3,072,746
Total other government transfers	9,861,000	11,083,000	9,107,431
Environment			
<u>Other transfer payments</u>			
Environment and Climate Change Canada			
- environmental sustainability	825,000	825,000	821,641
- Mackenzie River Basin - transboundary agreement	40,000	-	52,683
- Cableway remediation	106,000	106,000	50,000
Yukon Wildlife Preserve Operating Society			
- operational costs	732,000	732,000	732,000
- Swan Haven	17,000	17,000	16,600
Yukon University			
- climate change research	75,000	75,000	75,000
- Congdon Creek Campground	5,000	-	10,500
Humane Society Yukon	110,000	110,000	117,140
Yukon Energy Corporation - Whitehorse Fish Hatchery	100,000	100,000	120,000
Yukon Fish and Game Association	70,000	70,000	70,000
Porcupine Caribou Management Board	75,000	75,000	75,000
Yukon Conservation Society	50,000	50,000	50,000
Council of Yukon First Nations	-	-	22,500
Inuvialuit Final Agreement			
- Wildlife Management Advisory Council	479,000	479,000	479,000
Vuntut Gwitchin First Nation			
- Porcupine caribou herd protection	50,000	50,000	-
Centre for Human-Wildlife Conflict Solutions	40,000	40,000	50,000
University of Toronto	20,000	20,000	-
University of Saskatchewan	10,000	10,000	-
Yukon Fish & Wildlife Management Board	-	-	13,000
Yukon Trappers' Association	35,000	35,000	33,843
Humane Society Dawson	25,000	25,000	30,000
Animal Protection Program - various Recipients	35,000	35,000	20,750
Livestock Veterinary Services - various Recipients	6,000	6,000	578
Fish and Wildlife Cooperative Research Projects	18,000	18,000	-
Tr'ondëk Hwëch'in - Tombstone Territorial Park	16,000	-	-
Parks Canada	12,000	-	7,312
Environmental Awareness Fund - various Recipients	30,000	30,000	24,712
Community Water Monitoring Project - various Recipients	24,000	18,000	7,259
Ducks Unlimited	18,000	18,000	18,000
Canadian Wildlife Health Cooperative	14,000	14,000	14,000
Wetland Policy - various recipients	25,000	25,000	-
Various transfer payments less than \$10,000	17,000	17,000	19,717
Total other government transfers	3,079,000	3,000,000	2,931,235

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates		Actual
Finance				
<u>Other transfer payments</u>				
Financial Operations and Revenue Services				
- rural community banking	\$ 450,000	\$ 450,000		\$ 501,102
Total other government transfers	450,000	450,000		501,102
French Language Services Directorate				
<u>Other transfer payments</u>				
Association franco-yukonnaise				
- French language training	120,000	120,000	120,000	122,795
- Journée de la Francophonie	5,000	5,000	2,795	-
Quebec - Yukon Intergovernmental Cooperation Program	50,000	50,000		28,068
- Association franco-yukonnaise			13,500	
- various recipients			14,568	
Ministerial Conference on the Canadian Francophonie	4,000	4,000		4,278
Total other government transfers	179,000	179,000		155,141
Health and Social Services				
<u>Funding programs</u>				
Child care operating funds	4,454,000	4,454,000		6,561,066
Parents of children with disabilities	690,000	965,000		1,001,250
Employment supports	300,000	300,000		269,616
Employment incentives	390,000	390,000		36,258
	5,834,000	6,109,000		7,868,190
<u>Other transfer payments</u>				
Yukon Hospital Corporation				79,451,945
- operational funding	76,391,000	76,393,000	73,943,478	
- orthopedic program	3,649,000	3,649,000	3,649,000	
- Territorial health investment fund - meditech			320,643	
- First Nations health	1,200,000	1,200,000	1,200,000	
- laboratory services	725,000	725,000	-	
- cataract plan		126,000	125,724	
- OB-GYN program		120,000	120,100	
- Yukon Hospital Foundation	93,000	93,000	93,000	
Yukon hospital insurance services	30,678,000	30,678,000		30,617,755
- Yukon residents' health care provided outside Yukon				
- Province of British Columbia			23,919,652	
- Province of Alberta			1,171,319	
- Yukon Hospital Corporation - Whitehorse			1,948,079	
- reimbursements to individuals and insurance companies			1,619,337	
- contributions to various health agencies			1,143,761	
- Canadian Blood Services			480,896	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates		Actual
Health and Social Services				
<u>Other transfer payments (continued)</u>				
- other provinces and territories			\$ 334,711	
COVID-19 Response				12,904,709
- Yukon Hospital Corporation		6,640,000	8,961,162	
- Pandemic Management - Various recipients		5,864,000	<u>3,943,547</u>	
Yukon Medical Association				3,681,332
- physician recruitment/retention initiatives	3,518,000	3,518,000	2,495,687	
- medical practice insurance	554,000	554,000	667,103	
- education	318,000	318,000	353,542	
- medical student bursaries	125,000	125,000	<u>165,000</u>	
Child Development Centre	2,562,000	2,562,000		2,581,140
Challenge - Disability Resource Group				2,502,769
- Operating	343,000	343,000	469,030	
- Granger Haven	748,000	748,000	624,419	
- Max's Place			519,000	
- 6-Plex	748,000	748,000	732,966	
- Bridges Café	66,000	66,000	<u>66,000</u>	
Early learning and child care		2,400,000		2,400,000
Yukon Women's Transition Home Society	1,611,000	1,611,000		1,801,781
Teegatha'Oh Zheh				
- operating	1,227,000	1,227,000		1,325,291
- specialized services	73,000	73,000		
Options for Independence Society	1,157,000	1,157,000		1,255,633
- semi-independent housing supports			669,893	-
- Aurora Group Home			<u>585,740</u>	-
Canadian Mental Health Association, Yukon Division				1,083,750
- operating	870,000	870,000	933,750	
- peer support line	150,000	150,000	150,000	
Skookum Jim Friendship Centre	822,000	822,000		1,014,071
- operational funding			966,071	
- transitional services			<u>48,000</u>	
- Jeff Noble education training				
First Nation family support workers	1,125,000	1,125,000		806,250
- First Nation of Na-Cho Nyak Dun			150,000	
- Carcross/Tagish First Nation			75,000	
- Champagne and Aishihik First Nations			75,000	
- Liard First Nation			75,000	
- Little Salmon/Carmacks First Nation			75,000	
- Ross River Dena Council			75,000	
- Selkirk First Nation			75,000	
- Teslin Tlingit Council			131,250	
- Vuntut Gwitchin First Nation			<u>75,000</u>	
Fetal Alcohol Syndrome Society of Yukon	702,000	702,000		799,974
- operational funding			712,355	
- FASD Inter-agency Committee			80,619	
- out and about Yukon			<u>7,000</u>	
Inclusion Yukon Society				688,861
- operating	230,000	370,000	511,000	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates		Actual
Health and Social Services				
<u>Other transfer payments (continued)</u>				
- inclusion funding	\$ 231,000	\$ 231,000	\$ 177,861	\$ -
Blood Ties Four Directions Centre Society	204,000	204,000		604,899
- operational funding	301,000	301,000	204,000	
- after hour support	84,000	84,000	-	
- outreach van			385,599	
- peer support group	15,000	15,000	15,300	
Help & Hope for Families Society	604,000	604,000	-	604,000
Care agreements				564,902
Kwanlin Dün First Nation				
- Jackson Lake Healing Camp	400,000	400,000		500,000
Tr'ondëk Hwëch'in	254,000	254,000		491,391
- men's emergency shelter			371,391	
- cancer care project		85,000	45,000	
- family support worker			75,000	
Dawson Shelter Society	395,000	395,000		395,421
British Columbia Centre for Disease Control				67,192
- laboratory services	150,000	150,000	16,192	-
- panorama	126,000	126,000	-	-
- poison information management			51,000	
Hospice Yukon Society	310,000	310,000		315,506
The John Howard Society Pacific Region				307,218
Memorial University of Newfoundland				250,000
City of Whitehorse - Handy Bus	234,000	234,000		234,000
Sport Yukon - Kids Recreation Fund	210,000	210,000		210,120
First Nations health partnership	165,000	165,000		165,142
Learning Disabilities Association of Yukon	150,000	150,000		157,169
HealthLink British Columbia	-	175,000		155,696
Kwanlin Dün First Nation - family support worker	-	-		150,000
Yukon Registered Nurses Association	150,000	150,000		150,000
Individual respite agreements	125,000	125,000		126,861
Second Opinion Society	123,000	123,000		123,117
Yukon Food for Learning Association	130,000	130,000		113,220
Autism Yukon	82,000	82,000		112,390
All Genders Yukon	106,000	106,000		106,000
Federal child benefit - various recipients				96,576
- Whitehorse	149,000	149,000	50,822	
- Region	71,000	71,000	45,754	
Yukon Anti-Poverty Coalition	81,000	81,000		92,627
Public Works and Government Services Canada	79,000	79,000		79,040
Canadian Cancer Society				76,920
- cancer lodges	65,000	65,000	65,250	
- health services	14,000	14,000	11,670	
Ta'an Kwach'an Council - family support worker				75,000
Yukon Council on Aging	72,000	72,000		73,687
Line of Life Association of the Yukon	62,000	62,000		63,309
Signpost Seniors Association	55,000	55,000		56,044
Canadian Institute for health Information	43,000	43,000		51,492

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Health and Social Services			
<u>Other transfer payments (continued)</u>			
Yukon Reads Society	\$ 50,000	\$ 50,000	\$ 50,000
Health Investment Fund	50,000	50,000	50,000
Nursing education bursaries	24,000	24,000	46,063
Artic Institute of Community-Based Research			45,718
Victoria Faulkner Women's Centre, The - accommodation	43,000	43,000	42,153
Substance use and addictions program			40,530
British Columbia Health Services			40,395
Rick Hansen Institute	20,000	20,000	40,000
Canadian Red Cross Society	36,000	36,000	39,115
Canadian National Institute for the Blind	33,000	33,000	33,000
Alberta Health Services - emergency medical services	34,000	34,000	32,918
Government of Manitoba - Healthy child	30,000	30,000	31,500
St. Elias Seniors Society	33,000	33,000	27,726
Professional Development Fund	25,000	25,000	25,000
Council of Yukon First Nations Justice Programs			23,300
Health Education Bursaries	25,000	25,000	22,500
Yukon Housing Corporation			21,636
Unity Health Toronto			20,000
Yukon Status of Women Council			14,000
Big Brothers and Big Sisters of Yukon	12,000	12,000	12,000
Yukon T1D support network			11,500
Recreation and Parks Association of the Yukon	8,000	8,000	8,050
Healthy Eating	26,000	26,000	7,200
Miscellaneous transfer payments	11,000	11,000	5,206
Joint Consortium for School Health	2,000	2,000	2,000
Options for Sexual Health	1,000	1,000	1,000
Social supports - miscellaneous	336,000	336,000	-
Health Professional Bursary	40,000	40,000	-
Teen Parent Access to Education Society	24,000	24,000	-
British Columbia Cancer Registry	17,000	17,000	-
Foster Parent Association	15,000	15,000	-
Education and prevention	10,000	10,000	-
Yukon Hospital Corporation			
- 1Health (Meditech)	-	7,432,000	6,874,594
Yukon Hospital Services			
- 1Health (Meditech)	3,000,000	3,750,000	3,750,000
- medical imaging equipment	1,000,000	1,000,000	1,000,000
- Omnicells - 6 Storage Units	-	-	440,350
Building maintenance, renovations and space	-	1,000,000	1,000,000
	<u>139,830,000</u>	<u>165,083,000</u>	<u>163,241,654</u>
Total other government transfers	<u>145,664,000</u>	<u>171,192,000</u>	<u>171,109,844</u>

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Highways and Public Works			
<u>Other transfer payments</u>			
Carcross/Tagish First Nation	\$ -	\$ 233,000	\$ 3,320
Teslin Tlingit Council	-	400,000	400,000
Liard First Nation	-	-	128,000
Little Salmon Carmacks First Nation	-	-	129,000
Northern transportation adaptation initiative			
- Yukon College/University	-	38,000	21,127
- Carleton University - climate change	-	34,000	33,600
Council of Yukon First Nations	-	225,000	150,000
Yukon Contractors Association	-	-	45,000
Yukon Transportation Museum Society, The	12,000	12,000	12,000
Old Crow Winter Road	1,000,000	-	-
Renewable Energy Feasibility Study			58,676
- Aurora College	-	54,256	
- Tr'ondek Hwech'in	-	4,420	
Dempster Fibre Project - Yukon College	-		1,397
Solar Feasibility Study - Aurora College	-		54,256
Essential Air Service Program		9,986,000	5,684,694
Various transfer payments less than \$10,000	-		10,000
Total other government transfers	1,012,000	10,928,000	6,731,070

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates		Actual
Justice				
<u>Other transfer payments</u>				
Yukon Legal Services Society (Legal Aid)			\$	2,885,000
- legal services	2,640,000	2,640,000	2,850,000	
- community justice and public safety	35,000	35,000	35,000	
Human Rights Commission	658,000	658,000		733,000
Community residential centre	550,000	550,000		538,543
- The Salvation Army			45,833	
- John Howard Society Pacific Region			492,710	
Community Consultative Group		50,000		14,000
- Tr'ondëk Hwëch'in			4,500	
- Kwanlin Dün First Nation			4,500	
- Carcross/Tagish First Nation			5,000	
Yukon Aboriginal Women's Council-FILU		95,000		90,000
Indigenous court worker program	648,000	648,000		590,793
- Kwanlin Dün First Nation			132,469	
- Carcross/Tagish First Nation			18,476	
- Carcross/Tagish First Nation (prior year funding)			4,105	
- Little Salmon/Carmacks First Nation			36,952	
- Little Salmon/Carmacks First Nation (prior year funding)			4,105	
- Vuntut Gwitchin First Nation			36,952	
- Ross River Dena Council			9,238	
- Tr'ondëk Hwëch'in			36,952	
- Tr'ondëk Hwëch'in (prior year funding)			1,804	
- First Nation of Na-cho Nyäk Dun			46,190	
- First Nation of Na-cho Nyäk Dun (prior year funding)			2,963	
- Selkirk First Nation			27,714	
- Selkirk First Nation (prior year funding)			17,123	
- Teslin Tlingit Council			36,952	
- Teslin Tlingit Council (prior year funding)			5,035	
- Liard First Nation			73,903	
- Liard First Nation (Prior year funding)			46,854	
- Kluane First Nation			9,238	
- Kluane First Nation (prior year funding)			34,530	
- Champagne and Aishihik First Nations			9,238	
Kwanlin Dün First Nation-Security initiative-CSO	400,000	400,000		400,000
Yukon Workers' Compensation Health and Safety Board	330,000	330,000		329,500
Community justice projects	307,000	307,000		252,240
- Kwanlin Dün First Nation			38,830	
- Kwanlin Dün First Nation (prior year funding)			5,547	
- Liard First Nation			51,100	
- Liard First Nation (Prior year funding)			18,250	
- Teslin Tlingit Council			43,500	
- Teslin Tlingit Council (prior year funding)			7,201	
- Champagne and Aishihik First Nations			15,854	
- Carcross/Tagish First Nation			11,625	
- Carcross/Tagish First Nation (prior year funding)			2,325	
- Tr'ondëk Hwëch'in			17,500	
- Vuntut Gwitchin First Nation			17,252	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Justice			
<u>Other transfer payments (continued)</u>			
- Vuntut Gwitchin First Nation (prior year funding)		\$ 11,993	
- Ross River Dena Council		9,634	
- Ross River Dena Council (prior year funding)		<u>1,630</u>	
Gladue project			150,470
Yukon Public Legal Education Association	163,000	163,000	163,000
RCMP			105,456
- biology caseworks & auxiliary police program	106,000	106,000	<u>105,456</u>
- police board funding	5,000	5,000	
Yukon Women's Transition Home Society-Women's Coalition	-	-	27,711
Yukon Community Crime Stopper Association	10,000	10,000	8,418
Boys and Girls Club of Yukon-GGVAF	-	-	11,568
Total other government transfers	<u>5,852,000</u>	<u>5,997,000</u>	<u>6,299,701</u>
Tourism and Culture			
<u>Funding programs</u>			
Arts operating funds	825,000	825,000	746,500
Tourism cooperative marketing fund	700,000	700,000	705,707
Arts fund	500,000	500,000	316,552
Advanced artist award	150,000	150,000	133,627
Touring artist fund	100,000	100,000	46,980
	<u>2,275,000</u>	<u>2,275,000</u>	<u>1,949,366</u>
<u>COVID-19 Pandemic - Funding Programs</u>			
Temporary support for cancelled events		1,800,000	1,872,866
Enhancing Tourism Cooperative Marketing Fund		1,000,000	525,809
Enhancing on Yukon Time		75,000	67,460
Enhancing advanced artist award		150,000	150,000
Enhancing arts funding		125,000	125,000
Tourism non-accommodation sector supplement		1,000,000	1,228,943
Tourism and Culture NPO fund		300,000	95,330
Tourism relief and recovery plan		360,000	348,350
Tourism accommodation sector supplement		<u>2,700,000</u>	<u>813,796</u>
		<u>7,510,000</u>	<u>5,227,554</u>
<u>Other transfer payments</u>			
Yukon Arts Centre Corporation			1,066,657
- operations and maintenance	873,000	873,000	891,657
- Old Fire Hall programming	175,000	175,000	<u>175,000</u>

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates		Actual
Tourism and Culture				
<u>Other transfer payments (continued)</u>				
Museums - general operation, maintenance, and training support	\$ 842,000	\$ 842,000		\$ 1,059,407
- MacBride Museum Society			399,407	
- Dawson City Museum Society			130,000	
- Yukon Transportation Museum Society, The			130,000	
- Yukon Church Heritage Society			80,000	
- Keno Community Club			50,000	
- Kluane Museum of History Society			50,000	
- MacBride Museum Society			50,000	
- Teslin Historical & Museum Society			50,000	
- Town of Faro - Campbell Region Interpretive Centre			40,000	
- Town of Watson Lake - Northern Lights Centre			40,000	
- Village of Mayo - Binet House			40,000	
First Nations cultural centres	800,000	800,000		800,000
- Carcross/Tagish First Nation			130,000	
- Champagne and Aishihik First Nations			130,000	
- Kwanlin Dün Cultural Society			130,000	
- Teslin Tlingit Council			130,000	
- Tr'ondëk Hwëch'in			130,000	
- Little Salmon/Carmacks First Nation			50,000	
- Selkirk First Nation			50,000	
- Vuntut Gwitchin First Nation			50,000	
Dawson City Arts Society				575,074
- operations and maintenance	425,000	425,000	425,000	
- culture quest	157,000	157,000	150,074	
Yukon Tourism Development Strategy Implementation				
- Yukon First Nation Culture and Tourism Association	300,000	300,000		300,000
- experience development	175,000	175,000		57,000
- Sport Yukon			57,000	
Northern Cultural Expressions Society	345,000	345,000		345,000
Museums - assistance	348,000	348,000		328,591
- MacBride Museum Society			79,000	
- Kwanlin Dün Cultural Society			60,000	
- Yukon Church Heritage Society			57,580	
- The Yukon Transportation Museum Society			55,595	
- Vuntut Gwitchin First Nation			19,580	
- Dawson City Museum Society			19,000	
- Carcross/Tagish First Nation			16,500	
- Teslin Historical & Museum Society			15,076	
- various recipients			6,260	
Wilderness Tourism Association of the Yukon	264,000	264,000		264,000
- operations and maintenance			264,000	
Tourism Industry Association of the Yukon				221,000
- operations and maintenance	144,000	219,000	221,000	
- promotion/events	20,000	20,000	-	
Dawson City Museum Society	250,000	250,000		240,000
Yukon Convention Bureau Society	200,000	200,000		200,000

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates		Actual
Tourism and Culture				
<u>Other transfer payments (continued)</u>				
Tr'ondëk Hwëch'in			\$	165,000
- Forty Mile	95,000	95,000	95,000	
- Tr'ondëk-Klondike World Heritage Nomination	-	-	70,000	
Yukon First Nations Culture and Tourism Association	160,000	160,000		160,000
Yukon Quest International Association (Canada)	150,000	150,000		150,000
On Yukon Time				
- arts themed events	94,000	94,000		127,395
- Yukon Arts Centre Corporation			26,050	
- Friends of the Yukon Archives Society			20,000	
- various recipients			81,345	
Historic properties assistance program	116,000	116,000		111,673
- Yukon Historic Resource Fund			28,265	
- Caribou Hotel			20,000	
- Dawson Downtown Limited			10,000	
- St. Paul's Anglican Church			10,000	
- Yukon Spaces Inc.			10,000	
- various recipients			33,408	
Selkirk First Nation - Fort Selkirk	147,000	147,000		105,797
Yukon Art Society - artist in the school	100,000	100,000		89,493
Yukon Council of Archives	75,000	75,000		75,000
- YCA Community Archivist Project Gap Analysis Pt. 1 & 2			75,000	
Yukon Sourdough Rendezvous	75,000	75,000		75,000
Air North Charter & Training Ltd	75,000	75,000		75,000
Yukon Historical and Museums Association	74,000	74,000		74,000
Friends of Yukon Permanent Art Collection Society				
- visual arts acquisitions	30,000	30,000		60,000
Vuntut Gwitchin First Nation - Rampart House	60,000	60,000		60,000
Klondike Visitors Association	-	-		50,000
Sport Yukon - sport tourism	43,000	43,000		43,000
New Canadians event fund	45,000	45,000		28,043
- Yukon Punjab Bhangra Society			10,000	
- various recipients			18,043	
Association franco-yukonnaise	25,000	25,000		25,000
Volunteer Benevoles Yukon Society	-	-		21,869
Stay Another Day				
- various recipients	25,000	25,000		20,000
Canyon City				
- Yukon Conservation Society - Canyon City	18,000	18,000		18,000
Champagne and Aishihik First Nations - First Nations Archaeology				13,860
Kwanlin Dün Cultural Society	10,000	10,000		10,000
Industry - product development and resource assessment	50,000	50,000		6,986
- various recipients			6,986	
Heritage Trails	20,000	20,000		5,407
- Vuntut Gwitchin First Nation			5,407	

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Tourism and Culture			
<u>Other transfer payments (continued)</u>			
Canadian Tourism Commission	\$ 160,000	\$ 160,000	\$ -
Yukon First Nations Culture and Tourism Association	25,000	25,000	
The Yukon Science Institute	20,000	20,000	
Historic Sites Inventory	10,000	10,000	
Friends of the Yukon Archives Society	4,000	4,000	
Various transfer payments less than \$10,000	20,000	20,000	32,355
	<u>7,044,000</u>	<u>7,119,000</u>	<u>7,059,607</u>
Total other government transfers	9,319,000	16,904,000	14,236,527
Women's Directorate			
<u>Other transfer payments</u>			
Indigenous Women's equality fund	600,000	614,000	614,000
- Yukon Aboriginal Women's Council			200,000
- Liard Aboriginal Women's Society			200,000
- Whitehorse Aboriginal Women's Circle			<u>214,000</u>
Yukon Aboriginal Women's Council - gathering of family members of missing and murdered Indigenous women and girls		90,000	60,000
Women's equality fund	197,000	197,000	180,000
- Victoria Faulkner Women's Centre, The			50,000
- Yukon Status of Women Council, The			45,000
- Yukon Women in Trades and Technology			45,000
- Les EssentiElles			<u>40,000</u>
Victoria Faulkner Women's Centre, The			
- women's advocate	100,000	100,000	83,000
- A Safe Place	65,000	95,000	95,000
The prevention of violence against Aboriginal women's Initiative	200,000	200,000	184,000
- First Nation of Na-Cho Nyak Dun			25,000
- Champagne and Aishihik First Nation			25,000
- Food Bank Society of Whitehorse			14,000
- Victoria Faulkner Women's Centre, The			25,000
- Skookum Jim Friendship Centre			25,000
- Skookum Jim Friendship Centre			20,000
- Selkirk First Nation			25,000
- Whitehorse Aboriginal Women's Circle			<u>25,000</u>
Skookum Jim Friendship Centre			
- Women's legal advocate services	93,000	93,000	69,000
Yukon Anti-Poverty Coalition			
- Whitehorse affordable family housing complex	42,000	77,000	77,000
Yukon Women's Transition Home Society			
- Sexualized Assault Support Line	60,000	60,000	60,000
- Taxi Pilot Training	-	2,000	2,000
Queer Yukon Society	184,000	184,000	184,000
Women's community projects - various recipients	10,000	10,000	5,050
	<u>1,551,000</u>	<u>1,722,000</u>	<u>1,613,050</u>
Total other government transfers	1,551,000	1,722,000	1,613,050

GOVERNMENT OF YUKON

Schedule 9

**Schedule of Other Government Transfers
for the year ended March 31, 2021**

	Main Estimates	Revised Estimates	Actual
Yukon Development Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Interim electrical rebate	\$ 3,500,000	\$ 3,500,000	\$ 3,429,309
Mayo B rate payer support	2,625,000	2,625,000	2,625,000
Innovative renewable energy initiative	1,500,000	1,500,000	1,500,000
Investing in Canada infrastructure program	9,275,000	20,875,000	15,251,582
Total other government transfers	16,900,000	28,500,000	22,805,891
Yukon Housing Corporation (Transfer Payment)			
<u>Other transfer payments</u>			
Operations and maintenance	6,984,000	6,984,000	6,108,418
Capital	23,790,000	25,378,000	17,411,576
Total other government transfers	30,774,000	32,362,000	23,519,994
Restricted Funds			
<u>Other transfer payments</u>			
Carbon amounts distributed	15,783,000	15,783,000	14,886,802
Total other government transfers	15,783,000	15,783,000	14,886,802
Totals			
Funding programs	34,947,000	50,791,000	45,794,721
Other government transfers	320,105,000	385,618,000	380,126,029
	\$ 355,052,000	\$ 436,409,000	\$ 425,920,750

GOVERNMENT OF YUKON

Schedule 10

**Schedule of Bad Debt Write-offs
for the year ended March 31, 2021**

Department	Number of Accounts	Total
		NIL
		<hr/>
		\$ -

Note: No bad debts were reported as write-off by virtue of the section 35 of the *Financial Administration Act* ended March 31, 2021.

SECTION III
SUPPLEMENTARY FINANCIAL STATEMENTS

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YUKON UNIVERSITY
FINANCIAL STATEMENTS

June 30, 2020

(audited)

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YUKON UNIVERSITY

Management Responsibility

The consolidated financial statements are the responsibility of management and the Board of Governors of the University. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards with Section 4200 series for government not-for-profit organizations. The consolidated financial statements include estimates based on the experience and judgment of management.

Management is responsible for maintaining the books of account, financial and management controls, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of University objectives and that operations are carried out effectively.

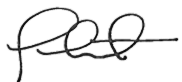
Management is also responsible for designing systems and practices to provide reasonable assurance that transactions are in accordance with the *Yukon University Act*, bylaws and policies of the University.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the external auditor to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters. The Board of Governors has reviewed and approved the consolidated financial statements.

These consolidated financial statements have been independently audited by the University's auditor, the Auditor General of Canada, and her report is included herein.



Dr. Maggie Matear
Interim President



Sheila Ananthan, CPA, CGA
Director, Finance and Administrative Services

March 19, 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Yukon University

Opinion

We have audited the consolidated financial statements of Yukon University and its controlled entity (the Group), which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of operations, consolidated statement of changes in net assets, consolidated statement of remeasurement gains and losses, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2020, and the consolidated results of its operations, its consolidated remeasurement gains and losses, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
19 March 2021

YUKON UNIVERSITY
Consolidated Statement of Financial Position
As at June 30


ASSETS	<u>2020</u>	<u>2019</u> <i>(Restated - note 3)</i>
Current Assets		
Cash (note 5)	\$ 2,671,041	\$ 8,562,908
Accounts receivable (note 4)	8,692,908	3,057,205
Inventories	194,607	118,497
Prepaid expenses	<u>147,638</u>	<u>135,373</u>
Total Current Assets	<u>11,706,194</u>	<u>11,873,983</u>
Non-Current Assets		
Restricted cash and cash equivalents (note 6)	640,483	555,608
Restricted investments (note 7)	4,011,077	3,762,750
Accrued pension benefit asset (note 8a)	19,888,200	18,275,800
Capital assets (note 9)	<u>8,944,803</u>	<u>9,638,277</u>
Total Non-current Assets	<u>33,484,563</u>	<u>32,232,435</u>
Total Assets	<u>\$ 45,190,757</u>	<u>\$ 44,106,418</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 3,135,879	\$ 3,186,609
Deferred revenue (note 11)	186,790	1,294,183
Deferred contributions (note 12)	3,340,755	2,656,278
Vacation leave and employee future benefits (note 13)	2,911,873	2,709,236
Loan payable (note 14)	<u>996,431</u>	<u>996,431</u>
Total Current Liabilities	<u>10,571,728</u>	<u>10,842,737</u>
Non-current Liabilities		
Deferred capital contributions (note 15)	5,485,717	5,933,101
Other employee future benefits (note 8b)	<u>5,957,400</u>	<u>5,554,800</u>
Total Non-current Liabilities	<u>11,443,117</u>	<u>11,487,901</u>
Net Assets		
Invested in capital assets	3,459,086	3,705,176
Externally restricted for endowments (note 16)	3,202,406	2,722,553
Internally restricted for pension (note 8a)	19,888,200	18,275,800
Unrestricted	<u>(2,916,549)</u>	<u>(2,799,155)</u>
	23,633,143	21,904,374
Accumulated remeasurement losses	<u>(457,231)</u>	<u>(128,594)</u>
Total Net Assets	<u>23,175,912</u>	<u>21,775,780</u>
Total Liabilities and Net Assets	<u>\$ 45,190,757</u>	<u>\$ 44,106,418</u>

Contractual rights (note 21)

Contractual obligations (note 22)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Governors



 Chair



 Member

YUKON UNIVERSITY
Consolidated Statement of Operations
For the year ended June 30

	<u>2020</u>	<u>2019</u> <i>(Restated - note 3)</i>
Revenues		
Government of Yukon contributions (note 18)	\$ 35,243,255	\$ 35,299,711
Other contributions (note 12)	4,868,472	6,266,009
Tuition (note 11)	2,801,975	2,547,290
Sales, rentals and services	1,467,104	1,583,449
Contracts (note 11)	1,370,252	1,593,175
Miscellaneous income (note 19)	1,065,795	1,921,199
Student assistance/scholarships	915,984	836,724
Amortization of deferred capital contributions (note 15)	447,384	486,343
Interest income	229,265	208,051
	<u>48,409,486</u>	<u>50,741,951</u>
Expenses (note 17)		
Direct instruction	\$ 14,697,283	\$ 16,731,248
Direct instructional support	10,485,924	10,231,084
General administration	7,297,018	8,444,764
Services received without charge (note 17)	4,879,075	4,466,331
Research	4,270,063	4,471,071
Facility services and utilities	1,870,907	2,776,330
Cost of sales	1,575,918	1,654,561
Amortization of capital assets (note 9)	1,072,700	1,143,006
Student assistance/scholarships	908,181	569,463
Miscellaneous	103,501	118,526
	<u>47,160,570</u>	<u>50,606,384</u>
Excess of revenues over expenses (note 23)	<u>\$ 1,248,916</u>	<u>\$ 135,567</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Consolidated Statement of Changes in Net Assets
For the year ended June 30

	<u>Unrestricted</u>	<u>Invested in Capital Assets</u>	<u>Externally Restricted for Endowments</u>	<u>Internally Restricted for Pension</u>	<u>Accumulated Remeasurement Losses</u>	<u>2020 Total</u>	<u>2019 Total (Restated - note 3)</u>
Balance, beginning of year (Restated - note 3)	\$ (2,799,155)	\$ 3,705,176	\$ 2,722,553	\$ 18,275,800	\$ (128,594)	\$ 21,775,780	\$21,619,082
Excess of revenues over expenses	(363,484)	-	-	1,612,400	-	1,248,916	135,567
Capital assets acquired net of disposals (note 9)	(379,226)	379,226	-	-	-	-	-
Amortization of capital assets (note 9)	1,072,700	(1,072,700)	-	-	-	-	-
Amortization of deferred capital contributions (note 15)	(447,384)	447,384	-	-	-	-	-
Remeasurement losses	-	-	-	-	(328,637)	(328,637)	(128,594)
Endowment contributions	-	-	306,715	-	-	306,715	7,527
Net gain on investments	-	-	173,138	-	-	173,138	142,198
Balance, end of year	<u>\$ (2,916,549)</u>	<u>\$ 3,459,086</u>	<u>\$ 3,202,406</u>	<u>\$ 19,888,200</u>	<u>\$ (457,231)</u>	<u>\$ 23,175,912</u>	<u>\$21,775,780</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Consolidated Statement of Remeasurement Gains and Losses
For the year ended June 30

	<u>2020</u>	<u>2019</u> <i>(Restated - note 3)</i>
Accumulated remeasurement losses, beginning of year	\$ (128,594)	\$ -
Unrealized loss attributable to:		
Investments	<u>(328,637)</u>	<u>(128,594)</u>
Accumulated remeasurement losses, end of year	<u>\$ (457,231)</u>	<u>\$ (128,594)</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Consolidated Statement of Cash Flows
For the year ended June 30

	<u>2020</u>	<u>2019</u> <i>(Restated - note 3)</i>
Operating activities:		
Excess of revenues over expenses	\$ 1,248,916	\$ 135,567
Items not affecting cash		
Amortization of capital assets (note 9)	1,072,700	1,143,006
Amortization of deferred capital contributions (note 15)	(447,384)	(486,343)
Loss on disposal of capital assets	7,182	-
Change in non-cash working capital balances		
Accounts receivable	(5,635,703)	17,230
Deferred revenue	(1,107,393)	294,568
Deferred contributions	684,477	(306,738)
Other	63,532	536,153
Increase in accrued pension benefit asset	(1,612,400)	(532,700)
Increase in other employee future benefits	402,600	382,700
Cash flows (used in)/provided from operating activities	<u>(5,323,473)</u>	<u>1,183,443</u>
Investing activities:		
Increase in restricted cash and cash equivalents	(84,875)	(331,548)
Increase in restricted investments	(576,964)	(230,806)
Cash flows used in investing activities	<u>(661,839)</u>	<u>(562,354)</u>
Capital activities:		
Capital assets acquired (note 9)	<u>(386,408)</u>	<u>(726,710)</u>
Cash flows used in capital activities	<u>(386,408)</u>	<u>(726,710)</u>
Financing activities:		
Net investment income from endowments (note 16)	173,138	142,198
Endowment contributions (including transfers)	306,715	7,527
Decrease in deferred capital contributions (note 15)	-	(39,999)
Cash flows provided from financing activities	<u>479,853</u>	<u>109,726</u>
Change in cash:		
Net (decrease) increase in cash	(5,891,867)	4,105
Cash		
Beginning of year	<u>8,562,908</u>	<u>8,558,803</u>
End of year	<u>\$ 2,671,041</u>	<u>\$ 8,562,908</u>
Interest received	\$ 229,265	\$ 208,051
Interest paid	229	-

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
Year ended June 30, 2020

NOTE 1 - PURPOSE

a) The *Yukon University Act* was proclaimed into force effective February 6, 2020 replacing the *Yukon College Act*. Under the *Yukon University Act*, Yukon College, incorporated under the *Yukon College Act*, continues as a corporation under the name Yukon University. Yukon University (the University) is a post-secondary educational institution. The University is a not-for-profit organization and is a registered charity under the *Income Tax Act* and is therefore exempt from tax. A significant portion of its funding is provided by the Government of Yukon. The purpose of the University is to offer a balance of educational programs. Programs include baccalaureate, masters and doctoral degree programs, certificate and diploma programs, and continuing and adult basic education. The University also undertakes and maintains research, scholarly activities and other learning and training activities for these purposes.

b) The Yukon University Foundation (the Foundation) is incorporated as a not-for-profit organization under the *Canada Not-For-Profit Corporations Act*. The Foundation is a registered charity under the *Income Tax Act* and is therefore exempt from tax. The Foundation was established:

- to fund, facilitate, promote and carry out activities which are consistent with the objectives of the University and to provide support for its educational facilities, educational programs and education services;
- to fund the provision of bursaries, scholarships and prizes granted by the University for any purpose for students in attendance at facilities owned and/or operated by the University;
- to receive bequests, legacies, donations, gifts, funds and property from all sources and to hold and invest such funds and property and to administer and distribute such funds and property for the purposes of the Foundation; and
- to do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the power of the Foundation.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The University has elected to apply the Section 4200 series for government-not-for-profit organizations.

b) Basis of consolidation

The consolidated financial statements include the accounts of the University and its controlled entity, the Foundation. All inter-entity transactions and balances have been eliminated on consolidation.

The University controls the Foundation as the Board of Governors of the University have the ability to be appointed as the majority of the members of the Board of Directors of the Foundation. The President of the University is the only board member in common for the Foundation and the University. The President is an ex-officio member of the Board of Directors of the Foundation and a non-voting member of the Board of Governors of the University. The Foundation operates out of the University's main campus building with the assistance of University employees in the advancement office.

c) Financial instruments

The financial instruments of the University include cash, accounts receivable, restricted cash and cash equivalents, restricted investments, accounts payable and accrued liabilities, employee accrued liabilities and loan payable.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

All of the University's financial instruments are assigned to the cost or amortized cost measurement category, except for restricted investments which are assigned to the fair value measurement category.

Fair value classification

This includes equity instruments that are quoted in an active market. They are initially recognized at fair value and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized, and are then transferred to the Consolidated Statement of Operations. Changes in fair value of restricted investments are recorded as deferred contributions. When the changes are realized, they remain deferred until the restriction on use is fulfilled, and at that time the amount is transferred to the Consolidated Statement of Operations. Transaction costs are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the Consolidated Statement of Operations.

The University classifies, for financial reporting purposes, fair value measurements using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the University can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value.

Amortized cost classification

These financial instruments are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs are added to the cost of the instrument.

Writedowns are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are written down to net recoverable value with the writedown recognized in the Consolidated Statement of Operations. Accounts receivable are recorded at cost less valuation allowances. Valuation allowances are calculated by examining amounts overdue 90 days or more to estimate amounts deemed to be uncollectible.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the time of contribution.

When conditions indicate that an asset no longer contributes to the University's ability to provide its services, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress costs are capitalized as incurred. These amounts are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are placed in service.

Capital assets are amortized on a straight-line basis over their estimated useful lives, which are estimated as follows:

	<u>Useful life (years)</u>
Leasehold improvements	20
Equipment general	10
Equipment electronic data processing (EDP)	3
Mobile trailers	20
Furniture and fixtures	10
Vehicles	5

The Works of art are capitalized at cost and no amortization is recorded.

e) Inventories

Inventories consist of items for resale in the bookstore and food service operations and are valued at the lower of cost and net realizable value. Cost is determined on a first-in first-out basis.

f) Contributed services

The University benefits from services provided by volunteers in assisting the institution in carrying out its activities. The fair value of these services is not reliably estimable and accordingly is not recognized in the consolidated financial statements.

g) Employee future benefits

Pension benefits

Yukon University Employees' Pension Plan (pension plan) is a contributory defined benefit pension plan. The pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of the University after 24 months of continuous service. The University's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ending September 30th. In general, pension benefits are based on 2% of the best five years of continuous service minus any adjustments required by the Canada Pension Plan. Plan members can accumulate up to 35 years of continuous service. The University has contracted with external organizations to provide the services of trustee, administration, consulting and investment management for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Employee future benefits (continued)

The University accrues its obligations under the pension plan and the related costs, net of plan assets.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

Past service costs from plan amendments are accounted for in the period of the plan amendments.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group.

Other non-pension benefits

The cost of the benefit plan, other than pension, including severance benefits, non-vesting but accumulating sick leave and special leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services using management's best estimate of inflation rates, salary escalation, and retirement ages of employees, and is recognized over the period in which the benefits are earned (i.e. the period the employee renders service to the University). Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group. The University accrues other vacation and leave benefits for employees as earned based on their respective terms of employment.

h) Revenue recognition

The University follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue on the same basis and in the same periods as expenses under the terms of the restrictions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions, such as operating grants, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in endowment net assets. Interest earned on endowment contributions where a portion of the interest cannot be spent is added to the endowment principal. Interest earned on endowment contributions where the investment income can be spent is deferred until the interest is spent for the specified purposes.

Sales, rentals and services, miscellaneous income, and tuition are reported as revenue at the time the services are substantially provided or the products are delivered. Tuition fees received in advance of courses being delivered are deferred and recognized as revenue when the courses are delivered.

The University provides education, rentals, research and services to private companies, federal and territorial government departments, agencies and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the terms of the agreements.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Allocation of expenses

The University allocates the majority of its expenses by function. General administration expenses are not allocated to other functions but are disclosed separately. Fundraising expenses incurred during the year are included in general administration expenses.

j) Internally restricted net assets

Net assets invested in capital assets represents the amount the University has spent on capital assets using its own funding sources. Net assets internally restricted for pension represents the amounts restricted in order to meet future pension obligations.

k) Related party transactions

The University is related to all Government of Yukon departments, corporations, agencies and the University's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

Related party transactions other than inter-entity transactions are recorded at the exchange amount.

The University receives certain services provided by the Government of Yukon without charge. The majority of the services received without charge represent costs associated with facilities provided by the Government of Yukon at a reduced, or no, charge. These services are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the University's operations in its consolidated financial statements. These services are recorded at amounts based on the Government of Yukon's amortization expense (for the main campus), and on fair value for the rental of other facilities.

l) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses for the year. Significant areas requiring the use of management estimates relate to the determination of the accrued pension benefit asset and the liabilities for other employee future benefits, and the estimated useful lives of capital assets. Actual results could differ significantly from those estimated. Estimates are reviewed annually and as adjustments become necessary, they are recorded in the consolidated financial statements in the period which they become known.

m) Contingent liabilities

Contingent liabilities may arise from time to time in the normal course of operations. Liabilities on any litigation are recognized in the consolidated financial statements when it is likely that a future event will confirm that a liability has been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingent liability is disclosed in the notes to the consolidated financial statements and no liability is accrued.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 3 - RESTATEMENT

a) Restricted cash and cash equivalents and Restricted investments

The University reported, as at June 30, 2019, Restricted cash of \$4,318,358. This amount also included Restricted investments, and based on the nature and significance of these amounts, these two items should have been presented as separate line items in the Consolidated Statement of Financial Position. The impact is a decrease as at June 30, 2019 of \$3,762,750 of Restricted cash and cash equivalents and increase of \$3,762,750 of Restricted investments. The comparative figures for Restricted cash and cash equivalents and Restricted investments have been restated in the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows.

The University has included a Consolidated Statement of Remeasurement Gains and Losses and reported remeasurement losses on a retroactive basis for internal consistency with the restatements of Restricted cash and cash equivalents and Restricted investments. The key impacts are a decrease in expenses for the year ended June 30, 2019 of \$128,594, and an increase of \$128,594 in Unrestricted and in Accumulated remeasurement losses within net assets as at June 30, 2019. The comparative figures have been restated in the Consolidated Statement of Financial Position, Consolidated Statement of Operations, Consolidated Statement of Changes in Net Assets, Consolidated Statement of Remeasurement Gains and Losses, and the Consolidated Statement of Cash Flows.

The University has added disclosure regarding financial instrument fair value classification (note 2c), other price risk (note 4) and restricted investments (note 7).

b) Net assets

During 2020, the University decided that the 2020 presentation of Invested in capital assets (renamed from Capital) provides better information. Furthermore, the amount reported as Capital as at June 30, 2019 did not align with the University's accounting policy, although, the University had been reporting Capital on a consistent basis. The revised figure represents the amount the University has spent on capital assets less the funds contributed by third parties. The impact at June 30, 2019 is a decrease of \$5,933,101 in Invested in capital (previously called Capital) and an offsetting increase in Unrestricted within net assets. The comparative figures for Invested in capital (previously called Capital) and for Unrestricted within net assets have been restated in the Consolidated Statement of Financial Position and the Consolidated Statement of Changes in Net Assets.

c) Deferred revenue, deferred contributions and related revenues

The University reported, as at June 30, 2019, Deferred contributions of \$3,950,461. This amount was, however, comprised of Deferred revenue from exchange transactions of \$1,294,183 and of Deferred contributions from non-exchange transactions of \$2,656,278. Based on the distinct nature of these transactions, as well as the significance of the related amounts, these two items should have been presented as separate line items in the Consolidated Statement of Financial Position. The comparative figures as at June 30, 2019 for Deferred revenue and Deferred contributions have been restated.

The University reported, for the year ended June 30, 2019, Government of Yukon contributions of \$26,618,839 and Contracts revenue of \$16,540,056. However, based on the nature and counterparty of these transactions, these revenues should have been presented as Government of Yukon contributions of \$35,299,711, Other contributions of \$6,266,009 and Contracts of \$1,593,175. The comparative figures for the year ended June 30, 2019 Government of Yukon contributions, Other contributions and Contracts have been restated.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 3 - RESTATEMENT (continued)

d) The restatement of the comparative figures is summarized in the table below:

	<u>2019</u>	<u>Restatement</u>	<u>2019</u>	<u>Note</u>
	<u>\$(as previously reported)</u>	<u>\$</u>	<u>\$(restated)</u>	
Consolidated Statement of Financial Position				
Non-current Assets				
Restricted cash and cash equivalents	4,318,358	(3,762,750)	555,608	a
Restricted investments	-	3,762,750	3,762,750	a
	<u>4,318,358</u>	<u>-</u>	<u>4,318,358</u>	
Current liabilities				
Deferred revenue (note 11)	-	(1,294,183)	(1,294,183)	c
Deferred contributions (note 12)	(3,950,461)	1,294,183	(2,656,278)	c
	<u>(3,950,461)</u>	<u>-</u>	<u>(3,950,461)</u>	
Net Assets				
Invested in capital assets	(9,638,277)	5,933,101	(3,705,176)	b
Unrestricted	8,860,850	(6,061,695)	2,799,155	a,b
Accumulated remeasurement losses	-	128,594	128,594	a
	<u>(777,427)</u>	<u>-</u>	<u>(777,427)</u>	
Consolidated Statement of Operations				
Revenues				
Government of Yukon contributions	(26,618,839)	(8,680,872)	(35,299,711)	c
Other contributions	-	(6,266,009)	(6,266,009)	c
Contracts	(16,540,056)	14,946,881	(1,593,175)	c
	<u>(43,158,895)</u>	<u>-</u>	<u>(43,158,895)</u>	

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 3 - RESTATEMENT (continued)

	<u>2019</u> <u>(as previously</u> <u>reported)</u>	<u>Restatement</u>	<u>2019</u> <u>(restated)</u>	<u>Note</u>
	\$	\$	\$	
Expenses				
General administration	8,573,358	(128,594)	8,444,764	a
	<u>8,573,358</u>	<u>(128,594)</u>	<u>8,444,764</u>	
Excess of revenue over expenses	<u>(6,973)</u>	<u>(128,594)</u>	<u>(135,567)</u>	a
Consolidated Statement of Changes in Net Assets				
Balance, beginning of year	(9,638,277)	5,933,101	(3,705,176)	b
Invested in capital assets	8,860,850	(6,061,695)	2,799,155	a,b
Unrestricted	-	128,594	128,594	a
Accumulated remeasurement losses	6,973	128,594	135,567	a
Excess of revenue over expenses	352,876	(352,876)	-	b
Capital assets acquired net of disposals	(1,143,006)	1,143,006	-	b
Amortization of capital assets	790,130	(790,130)	-	b
Amortization of deferred capital contributions	-	(128,594)	(128,594)	a
Remeasurement losses	<u>(770,454)</u>	<u>-</u>	<u>(770,454)</u>	
Consolidated Statement of Remeasurement Gains and Losses				
Unrealized loss attributable to investments	-	(128,594)	(128,594)	a
	<u>-</u>	<u>(128,594)</u>	<u>(128,594)</u>	
Consolidated Statement of Cash Flows				
Operating activities	6,973	128,594	135,567	a
Excess of revenue over expenses	<u>6,973</u>	<u>128,594</u>	<u>135,567</u>	
Cash flow provided from operating activities	1,054,849	128,594	1,183,443	a

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 3 - RESTATEMENT (continued)

	<u>2019</u>	<u>Restatement</u>	<u>2019</u>	<u>Note</u>
	<u>(as previously</u>	<u></u>	<u>(restated)</u>	
	<u>reported)</u>	<u></u>	<u></u>	
	\$	\$	\$	
Investing activities				
Restricted cash and cash equivalents	(433,760)	102,212	(331,548)	a
Increase in restricted investments	-	(230,806)	(230,806)	a
Cash flows used in investing activities	<u>(433,760)</u>	<u>(128,594)</u>	<u>(562,354)</u>	
Note 11 - Deferred Revenue				
Balance, as at June 30, 2019				
Contracts	-	(403,972)	(403,972)	c
Tuition	-	(890,211)	(890,211)	c
	<u>-</u>	<u>(1,294,183)</u>	<u>(1,294,183)</u>	
Note 12 - Deferred Contributions				
Balance, as at June 30, 2019				
Government of Yukon contributions	-	(640,478)	(640,478)	c
Other contributions	-	(1,560,118)	(1,560,118)	c
Donations	(455,682)	-	(455,682)	c
Contracts	(2,604,568)	2,604,568	-	c
Tuition	(890,211)	890,211	-	c
	<u>(3,950,461)</u>	<u>1,294,183</u>	<u>(2,656,278)</u>	
Note 17 - Expenditures by object				
Bank fees and credit card commissions	348,834	(128,594)	220,240	a
Total expenditures by object	50,734,978	(128,594)	50,606,384	a

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 4 - FINANCIAL RISK MANAGEMENT

The University's financial instruments are exposed to the following risks: interest rate risk, foreign exchange risk, credit risk, liquidity risk and other price risk. The University manages these risk exposures on an ongoing basis. The University is not party to any financial derivatives.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The University is exposed to interest rate risk on its fixed interest rate for financial instruments, which subject the University to a fair value risk. Investments are monitored by the Board of Governors and managed by investment managers, subject to asset mix and performance benchmarks contained in the investment policies. The investment managers report on a regular basis to the Board of Governors.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The University is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Credit risk

Credit risk arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of cash, accounts receivable, restricted cash and cash equivalents and restricted investment represents the maximum credit exposure. The credit risk associated with these instruments is considered to be minimal due to the nature of the instruments and the fact that the majority of the accounts receivable are due from the federal, territorial, first nation and municipal governments.

Information regarding the University's accounts receivable is as follows:

	<u>2020</u>	<u>2019</u>
Carrying value	\$ 8,692,908	\$ 3,057,205
Allowance for doubtful accounts	\$ 55,230	\$ 18,279
Accounts receivable % less than 30 days	89%	79%
Accounts receivable % over 90 days	4%	8%

Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they become due.

The University manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. As at June 30, 2020 and 2019, substantially all of the University's accounts payable and accrued liabilities is due within 6 months of year-end.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 4 - FINANCIAL RISK MANAGEMENT (continued)

Other price risk

Other price risk is the risk that changes in financial or market conditions impair the value of the University's assets, or that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The University's investments are managed by investment managers in accordance with the University's investment Governance Policy. The University is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. Other price risk is not considered significant.

NOTE 5 - CASH

The University has, if needed, an operating demand line of credit with its banker that allows the University to borrow up to \$500,000 at bank prime. The credit line was unused at both June 30, 2020 and June 30, 2019. The University's credit facility interest rates are subject to fluctuations in the prime rate.

NOTE 6 - RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consists of guaranteed investment certificates of \$162,277 (2019 - \$504,332) and cash of \$478,206 (2019 - \$ 51,276).

An amount of \$479,023 (2019 - \$504,332 (Restated - note 3)) is externally restricted for certain endowment and deferred contributions. An amount of \$161,460 (2019 - \$51,276) is internally restricted for prepaid employee leave.

NOTE 7 - RESTRICTED INVESTMENTS

Investments were comprised of the following:

	Level	Percentage	<u>2020</u>	<u>2019</u> <i>(Restated - note 3)</i>
Equity securities	1	62.4%	\$ 2,503,499	\$ 2,271,895
Debt securities	1	35.1%	1,407,219	1,399,197
Cash and cash equivalents	1	<u>2.5%</u>	<u>100,359</u>	<u>91,658</u>
Total		<u>100%</u>	<u>\$ 4,011,077</u>	<u>\$ 3,762,750</u>

Restricted investments are externally restricted.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 8 - EMPLOYEE FUTURE BENEFITS

a) Pension benefits

Yukon College Employees' Pension Plan is a defined-benefit pension plan, which requires the employer and the employee to make annual contributions to an employee's retirement account. Plan administrators hire an actuary to calculate the future benefits that the plan must pay an employee and the amount that the employer and employee must contribute to provide those benefits. During the year, the pension benefits paid by the pension plan were \$3,590,600 (2019 - \$3,722,300) and the employer and employee contributions to the pension plan were \$1,863,400 (2019 - \$2,084,200) and \$1,994,000 (2019 - \$2,060,300), respectively.

The pension plan has two groups of members. Group 1 is for members with a start date prior to July 1, 2013. Group 2 is for members with a start date on or after July 1, 2013. The age at which a member can retire without a reduced pension is age 60 for Group 1 and age 65 for Group 2. During the fiscal year, Group 1 members were required to contribute to the plan at a rate of 10.72% (2019 – 10.72%) on annual earnings up to the Yearly Maximum Pensionable Earnings (YMPE) plus 13.12% (2019 – 13.12%) on annual earnings in excess of the YMPE. Group 2 members were required to contribute to the plan at a rate of 9.43% (2019 – 9.43%) on annual earnings up to the YMPE plus 11.21% (2019 – 11.21%) on annual earnings in excess of the YMPE.

Assets in the pension plan are based on fair values as reported by the custodian of the funds as at June 30, 2020. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as of June 30, 2020 using the projected benefits method prorated on services. Pension benefit estimates for the year ending June 30, 2020 were made as part of the June 30, 2020 valuation.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 8 - EMPLOYEE FUTURE BENEFITS (continued)

a) Pension benefits (continued)

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates of these future events. Key assumptions are summarized below:

	<u>2020</u>	<u>2019</u>
Weighted-average assumptions for benefit costs		
Discount rate	5.25 %	5.40 %
Expected long-term rate of return on plan assets	5.25 %	5.40 %
Rate of compensation increase	3.40 %	4.00 %
Inflation rate	2.00 %	2.20 %
Expected average remaining service life	10 years	10 years
Weighted-average assumptions of accrued benefit obligation		
Discount rate	5.25 %	5.50 %
Rate of compensation increase	3.40 %	3.50 %
Inflation rate	2.00 %	2.10 %
	<u>2020</u>	<u>2019</u>
Change in accrued benefit obligation:		
Accrued benefit obligation - beginning of year	\$ 87,143,800	\$ 89,528,700
Current service cost	2,095,100	2,405,300
Interest cost	4,800,300	4,849,000
Employee contributions	1,994,000	2,060,300
Benefits paid	(3,590,600)	(3,722,300)
Admin expenses	(230,000)	(210,000)
Actuarial losses (gains)	946,400	(7,767,200)
Accrued benefit obligation - end of year	<u>\$ 93,159,000</u>	<u>\$ 87,143,800</u>
	<u>2020</u>	<u>2019</u>
Change in plan assets:		
Fair value of plan assets - beginning of year	\$ 112,401,800	\$ 108,098,500
Actual return on plan assets	1,386,700	4,091,100
Employer contributions	1,863,400	2,084,200
Employee contributions	1,994,000	2,060,300
Benefits paid	(3,590,600)	(3,722,300)
Admin expenses	(230,000)	(210,000)
Fair value of plan assets - end of year	<u>\$ 113,825,300</u>	<u>\$ 112,401,800</u>
	<u>2020</u>	<u>2019</u>
Reconciliation of accrued pension benefit asset:		
Accrued benefit obligation - end of year	\$ (93,159,000)	\$ (87,143,800)
Fair value of plan assets	<u>113,825,300</u>	<u>112,401,800</u>
Pension benefit surplus	20,666,300	25,258,000
Unamortized net actuarial gains	(778,100)	(6,982,200)
Accrued pension benefit asset	<u>\$ 19,888,200</u>	<u>\$ 18,275,800</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 8 - EMPLOYEE FUTURE BENEFITS (continued)

a) Pension benefits (continued)

	<u>2020</u>	<u>2019</u>
Elements of defined pension plan benefit costs recognized in the year:		
Current service cost, net of employee contributions	\$ 2,095,100	\$ 2,405,300
Interest cost on benefit obligation	4,800,300	4,849,000
Expected return on plan assets	(6,183,100)	(5,843,000)
Amortization of actuarial (gains) losses	<u>(461,300)</u>	<u>140,200</u>
Net periodic pension cost recognized	<u>\$ 251,000</u>	<u>\$ 1,551,500</u>

Based on fair value of plan assets held as at June 30, the assets were composed of:

	<u>2020</u>	<u>2019</u>
Equity securities	56%	55%
Debt securities	42%	42%
Other	<u>2%</u>	<u>3%</u>
Total	<u>100%</u>	<u>100%</u>

The net periodic pension cost of \$251,000 (2019 - \$1,551,500) is recognized in salaries, wages and benefits in note 17 and allocated to expenses by function on the Consolidated Statement of Operations in a manner consistent with the employee allocation to those functions.

Actuarial valuation for funding purposes

An actuarial valuation for funding purposes was performed as of June 30, 2020 which identified the University's required current service contributions as 100.4% (2019 – 94.3%) of employee contributions. Under economic and demographic assumptions used in these calculations, this level of University contributions together with the employee contributions is sufficient to fund the current service costs of the pension plan benefits.

The actuarial valuation for funding purposes as at June 30, 2020 for the University had an actual surplus of \$16,005,500 (June 30, 2019 - \$19,586,500) at the measurement date on a going-concern basis and a deficit of \$21,013,500 (June 30, 2019 - \$11,295,600) if valued on the basis that the pension plan was terminated/wound up as at June 30, 2020.

The solvency ratio of the pension plan was 86.3% at June 30, 2020 (2019 – 92.0%). The Government of Yukon provided pension funding to the University during the year as described in note 18. All required contributions to the pension plan have been made.

The *Pension Benefits Standards Act* permits that in lieu of making special solvency payments, letters of credit can be obtained to reduce the solvency deficiency. In May 2011, for the solvency deficiency, the University acquired a letter of credit for the pension plan. The face value of the letter of credit was increased by \$120,450 per month for the period July 1, 2019 to March 31, 2020. On April 15, 2020 the Federal Government adopted a regulation to provide temporary, short-term solvency funding relief for sponsors of federally regulated defined benefit pension plans and, as a result, no increases to the face value of the letter of credit were required for the period April 1, 2020 to December 30, 2020. The University chose to adopt this moratorium. The face value of the letter of credit as at June 30, 2020 was \$18,932,500. In January 2021 the University renewed the letter of credit to December 31, 2021 for face value of \$21,357,297. The letter of credit is guaranteed by the Government of Yukon.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 8 - EMPLOYEE FUTURE BENEFITS (continued)

The Government of Yukon has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letter of credit required by the University to address its solvency deficit in its pension plan, the Government of Yukon will be provided the necessary support to address any resulting debt, interest and costs that made be required under the federal pension legislation. In January 2021, the guarantee remained in effect to December 31, 2021.

b) Other non-pension employee future benefits

The non-pension benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The benefits include severance, non-vesting but accumulating sick leave, special leave and other outstanding leave entitlements and will be paid from future sources of revenue. The actuarial valuation of the accrued benefit liability as at June 30, 2020 as estimated on the June 30, 2019 actuarial valuation is:

	<u>2020</u>	<u>2019</u>
Accrued benefit obligation, end of year	\$ 6,355,200	\$ 5,952,000
Unamortized actuarial gain	<u>282,200</u>	<u>282,800</u>
Actuarially determined other employee future benefits, end of year	6,637,400	6,234,800
Less: Current portion included in vacation leave and employee future benefits	<u>(680,000)</u>	<u>(680,000)</u>
Long-term portion other employee future benefits, end of year	<u>\$ 5,957,400</u>	<u>\$ 5,554,800</u>

The annual benefit plan cost and change in accrued benefit liability are as follows:

	<u>2020</u>	<u>2019</u>
Accrued benefit liability, beginning of year	\$ 6,234,800	\$ 5,842,100
Add: Annual benefit plan cost:		
Current service cost	903,400	851,000
Interest on accrued benefit obligation	179,200	181,900
Amortization of net actuarial loss	-	39,800
Total annual benefit plan cost	<u>1,082,600</u>	<u>1,072,700</u>
Less: Benefits paid by the University	<u>(680,000)</u>	<u>(680,000)</u>
Actuarially determined other employee future benefits, end of year	6,637,400	6,234,800
Less: Current portion included in vacation leave and employee future benefits	<u>(680,000)</u>	<u>(680,000)</u>
Long-term portion other employee future benefits, end of year	<u>\$ 5,957,400</u>	<u>\$ 5,554,800</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 8 - EMPLOYEE FUTURE BENEFITS (continued)

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation are as follows:

	<u>2020</u>	<u>2019</u>
Weighted average assumptions for benefit costs:		
Discount rate	2.75%	2.75%
Rate of compensation increase		
for 10 years	2.75%	2.75%
thereafter	3.25%	3.25%
Expected average remaining service life	11 years	11 years
Weighted average assumptions for accrued benefit obligation:		
Discount rate	2.75%	2.75%
Rate of compensation increase		
for 10 years	2.75%	2.75%
thereafter	3.25%	3.25%
Expected average remaining service life	11 years	11 years

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 9 - CAPITAL ASSETS

	Beginning of Year	Additions	Disposals	End of Year
June 30, 2020				
Cost:				
Leasehold improvements	\$ 7,056,317	\$ 11,732	\$ (34,153)	\$ 7,033,896
Equipment general	3,752,975	180,418	(86,670)	3,846,723
Equipment EDP	761,688	45,694	(10,768)	796,614
Mobile trailers	2,273,284	-	-	2,273,284
Furniture and fixtures	353,297	145,564	-	498,861
Works of art	78,948	3,000	-	81,948
Vehicles	521,633	-	-	521,633
Work in progress	32,647	-	-	32,647
Total	\$ 14,830,789	\$ 386,408	\$ (131,591)	\$ 15,085,606
Accumulated Amortization:				
Leasehold improvements	\$ 1,914,512	\$ 381,448	\$ (34,153)	\$ 2,261,807
Equipment general	1,456,826	414,866	(79,488)	1,792,204
Equipment EDP	574,873	97,757	(10,768)	661,862
Mobile trailers	659,203	113,664	-	772,867
Furniture and fixtures	133,045	43,733	-	176,778
Works of art	-	-	-	-
Vehicles	454,053	21,232	-	475,285
Work in progress	-	-	-	-
Total	\$ 5,192,512	\$ 1,072,700	\$ (124,409)	\$ 6,140,803
Carrying Amounts:	\$ 9,638,277			\$ 8,944,803

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 9 - CAPITAL ASSETS (continued)

	Beginning of Year	Additions	Disposals	End of Year
June 30, 2019				
Cost:				
Leasehold improvements	\$ 6,907,460	\$ 207,587	\$ (58,730)	\$ 7,056,317
Equipment general	3,598,689	352,063	(197,777)	3,752,975
Equipment EDP	662,210	108,235	(8,757)	761,688
Mobile trailers	2,273,284	-	-	2,273,284
Furniture and fixtures	313,636	56,075	(16,414)	353,297
Works of art	76,198	2,750	-	78,948
Vehicles	521,633	-	-	521,633
Work in progress	406,481	-	(373,834)	32,647
Total	\$ 14,759,591	\$ 726,710	\$ (655,512)	\$ 14,830,789
Accumulated Amortization:				
Leasehold improvements	\$ 1,599,362	\$ 373,880	\$ (58,730)	\$ 1,914,512
Equipment general	1,266,606	387,997	(197,777)	1,456,826
Equipment EDP	428,493	155,137	(8,757)	574,873
Mobile trailers	545,539	113,664	-	659,203
Furniture and fixtures	112,446	37,013	(16,414)	133,045
Works of art	-	-	-	-
Vehicles	378,738	75,315	-	454,053
Work in progress	-	-	-	-
Total	\$ 4,331,184	\$ 1,143,006	\$ (281,678)	\$ 5,192,512
Carrying Amounts:	\$ 10,428,407			\$ 9,638,277

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 10 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trades accounts payable	\$ 1,309,606	\$ 1,139,107
Payroll payable	1,072,056	1,273,258
Other payables	538,172	526,798
Accrued accounts payable	<u>216,045</u>	<u>247,446</u>
	<u>\$ 3,135,879</u>	<u>\$ 3,186,609</u>

NOTE 11 - DEFERRED REVENUE

	<u>Contracts</u>	<u>Tuition</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year (Restated - note 3)	\$ 403,972	\$ 890,211	\$ 1,294,183	\$ 999,615
Additions	1,113,204	1,951,630	3,064,834	4,435,033
Revenue recognized	<u>(1,370,252)</u>	<u>(2,801,975)</u>	<u>(4,172,227)</u>	<u>(4,140,465)</u>
Balance, end of year	<u>\$ 146,924</u>	<u>\$ 39,866</u>	<u>\$ 186,790</u>	<u>\$ 1,294,183</u>
				<i>(Restated-note 3)</i>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 12 - DEFERRED CONTRIBUTIONS

	<u>Government of Yukon contributions</u>	<u>Other contributions</u>	<u>Donations</u>	<u>2020</u>	<u>2019</u> <i>(Restated - note 3)</i>
Balance, beginning of year (Restated - note 3)	\$ 640,478	\$ 1,560,118	\$ 455,682	\$ 2,656,278	\$ 2,963,016
Additions	35,034,812	5,623,260	461,926	41,119,998	41,478,656
Revenue recognized	(35,243,255)	(4,868,472)	(423,222)	(40,534,949)	(41,865,767)
Investment income	-	-	99,428	99,428	80,373
Balance, end of year	<u>\$ 432,035</u>	<u>\$ 2,314,906</u>	<u>\$ 593,814</u>	<u>\$ 3,340,755</u>	<u>\$ 2,656,278</u>

Other contributions is comprised primarily of amounts from the Government of Canada, and also amounts from First Nations and other organizations. Donations revenue is recognized on the Consolidated Statement of Operations within student assistance/scholarships.

NOTE 13 - VACATION LEAVE AND EMPLOYEE FUTURE BENEFITS

	<u>2020</u>	<u>2019</u>
Vacation leave liability	\$ 1,897,998	\$ 1,878,369
Current portion of other employee future benefits (note 8b)	680,000	680,000
Funds held for income averaging	165,373	-
Long service leave liability	139,811	139,836
Compensatory pay liability	<u>28,691</u>	<u>11,031</u>
	<u>\$ 2,911,873</u>	<u>\$ 2,709,236</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 14 - LOAN PAYABLE

The University, has entered into an agreement with a donor for a non-interest bearing loan that is invested as deemed appropriate by the University. Income from the loan will be used to establish and grow a research endowment. The principal will remain invested until it has been gifted to the University at which time it will be added to the research endowment and managed under the terms of the endowment agreement. While the loan is repayable within 90 days on demand, the loan will be in place for a minimum of five years but may be converted to a gift at any time by the donor.

NOTE 15 - DEFERRED CAPITAL CONTRIBUTIONS

The changes in the deferred capital contributions balance for the year are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 5,933,101	\$ 6,459,443
Restricted government contributions	-	(39,999)
Amount amortized to revenue	(447,384)	(486,343)
Balance, end of year	<u>\$ 5,485,717</u>	<u>\$ 5,933,101</u>

NOTE 16 - EXTERNALLY RESTRICTED FOR ENDOWMENTS

	<u>2020</u>	<u>2019</u>
Endowment balance, beginning of year	\$ 2,722,553	\$ 2,572,828
Investment income added to net assets	173,138	142,198
Contributions from donors	306,715	7,527
Endowment balance, end of year	<u>\$ 3,202,406</u>	<u>\$ 2,722,553</u>
Investment income added to net assets	\$ 173,138	\$ 142,198
Net income on investments recognized as revenue	990	3,187
Total investment income on endowments	<u>\$ 174,128</u>	<u>\$ 145,385</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 17 - EXPENDITURES BY OBJECT

	<u>2020</u>	<u>2019</u> <i>(Restated - note 3)</i>
Salaries, wages and benefits	\$ 30,679,919	\$ 31,690,707
Contract services	4,180,078	6,518,810
Rental of facilities and equipment	3,308,603	3,183,971
Utilities and communications	2,473,340	2,257,368
Material and supplies	1,371,071	1,791,450
Amortization of capital assets (note 9)	1,072,700	1,143,006
Travel	946,548	1,351,460
Student assistance/scholarships	908,181	569,463
Bank fees and credit card commissions	231,879	220,240
Cost of sales and ancillary services	595,524	671,734
Licenses, permits, and memberships	564,526	475,763
Promotion, events and advertising	460,292	486,414
Other	165,817	133,299
Books and subscriptions	102,998	68,286
Postage and freight	99,094	44,413
	<u>\$ 47,160,570</u>	<u>\$ 50,606,384</u>

Fundraising expenses totaling \$324,478 (2019 - \$364,082) are included in salaries, wages and benefits, contract services, material and supplies, and promotion, events and advertising.

Services received without charge included in above:

	<u>2020</u>	<u>2019</u>
Rental of facilities and equipment	\$ 2,938,143	\$ 2,744,793
Utilities and communications	1,940,932	1,721,538
	<u>\$ 4,879,075</u>	<u>\$ 4,466,331</u>

To conform with 2020 presentation, an amount of \$1,979,975 has been reclassified from Contract services to Rental of facilities and equipment and an amount of \$575,284 has been reclassified from Employee leave and termination benefits to Salaries, wages and benefits in the 2019 comparative figures. In addition, the reclassification of Employee leave and termination benefits to Salaries, wages and benefits affected classification on the Consolidated Statement of Operations whereas \$575,284 has been reclassified to Direct instruction in the 2019 comparative figures.

NOTE 18 - GOVERNMENT OF YUKON CONTRIBUTIONS

	<u>2020</u>	<u>2019</u> <i>(Restated - note 3)</i>
Operating contributions	\$ 21,965,258	\$ 22,030,760
Contributions other	8,279,438	8,680,872
Services received without charge (note 17)	4,879,075	4,466,331
Pension funding	119,484	121,748
	<u>\$ 35,243,255</u>	<u>\$ 35,299,711</u>

A significant portion of the University's income is received from the Government of Yukon. In 2020, total Government of Yukon contributions made up 73% of total revenues (2019 - 70%). In 2020, the University received \$119,484 (2019 - \$121,748) for pension letter of credit costs.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 19 - MISCELLANEOUS INCOME

	<u>2020</u>	<u>2019</u>
Salary, travel and other expense recovery	\$ 383,544	\$ 834,355
General student fees	256,248	172,432
Other miscellaneous revenue	166,191	136,157
Computer lab usage fees	149,910	119,205
Facilities and equipment rental	83,358	48,352
Book, publication and supply sales	18,011	10,190
Course materials recovery	8,533	5,724
Pension contract recovery	-	594,784
	<u>\$ 1,065,795</u>	<u>\$ 1,921,199</u>

NOTE 20 - RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed in Note 18, the University enters into transactions with related entities in the normal course of business.

The University receives funds from the Government of Yukon for student training allowances, the value of which was \$467,121 (2019 - \$497,538) and this is recognized on the Consolidated Statement of Operations within student assistance/scholarships. Included in the amortization of deferred capital contributions on the Consolidated Statement of Operations is \$307,849 (2019 - \$246,459) related to the Government of Yukon. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At June 30, 2020 there was \$104,777 (2019 - \$121,630) of accounts payable and accrued liabilities and \$7,666,357 (2019 - \$1,490,853) of accounts receivable related to the Government of Yukon. At June 30, 2020 there was \$432,035 (2019 - \$640,478 (Restated - note 3)) of deferred contributions and \$4,302,860 (2019 - \$4,706,511) of deferred capital contributions related to the Government of Yukon. The University has a lease agreement with the Government of Yukon for a building and land lease which expires June 2022. Lease payments total \$47,828 for fiscal 2020, \$49,194 for 2021, and \$50,561 for 2022.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 21 - CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The University's contractual rights arise because of contracts entered into for undertaking specific programs and projects in the normal course of business. The following table summarizes the contractual rights of the University:

	<u>Government of Canada</u>	<u>Government of Yukon</u>	<u>Other</u>	<u>Total</u>
2021	\$ 2,734,403	\$ 21,867,192	\$ 922,921	\$ 25,524,516
2022	1,305,250	118,750	521,205	1,945,205
2023	648,180	100,000	464,417	1,212,597
Thereafter	477,544	100,000	354,167	931,711
	<u>\$ 5,165,377</u>	<u>\$ 22,185,942</u>	<u>\$ 2,262,710</u>	<u>\$ 29,614,029</u>

Government of Canada contributions consist of funds to be received for the Northern Basic Adult Education program, the Industrial Research Chair – Northern Energy Innovation, a Yukon satellite program, and various other programs and initiatives such as Industrial Research Assistance, Partners for Children, Bringing Research Home and Environmental Monitoring.

Government of Yukon contributions consist of funds to be received for core operational funding, the Centre for Northern Innovation in Mining, university transition, the Yukon Research Centre, the Cold Climate Innovation Centre, programs such as Practical Nursing and Environmental Monitoring and other initiatives.

Other contributions consist of funds to be received for student support, the Industrial Research Chair – Northern Energy Innovation and other initiatives.

NOTE 22 - CONTRACTUAL OBLIGATIONS

Leases

The University has operating leases and maintenance service agreements for classroom space, telecommunication, the information system and course curriculum and is committed to basic payments as follows:

	<u>Maintenance Services</u>	<u>Facility Leases</u>	<u>Telecommunication, Course curriculum and Other Contracts</u>	<u>Total</u>
2021	\$ 164,138	\$ 238,441	\$ 401,893	\$ 804,472
2022	170,704	50,561	122,929	344,194
2023	177,532	-	92,600	270,132
2024	182,633	-	-	182,633
	<u>\$ 695,007</u>	<u>\$ 289,002</u>	<u>\$ 617,422</u>	<u>\$ 1,601,431</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
Year ended June 30, 2020

NOTE 22 - CONTRACTUAL OBLIGATIONS (continued)

Capital Assets

The land and buildings at Ayamdigut Campus and some community campuses are owned by the Government of Yukon and leased to the University at no charge. The Government of Yukon is responsible for major maintenance and upkeep of the buildings and grounds, and the University is responsible for minor interior maintenance and repairs.

NOTE 23 - EXCESS OF REVENUE OVER EXPENSES

The revenue in excess of expenses includes net periodic pension cost of \$251,000 (2019 - \$1,551,500). As disclosed in note 8a, the University's employer contributions to the pension plan were \$2,169,200 (2019 - \$2,084,200), which is \$1,612,400 (2019 - \$532,700) higher than the amount recognized in expenses for the year.

NOTE 24 - COMPARATIVE FIGURES

In addition to the comparative figures for 2019 that were restated (note 3), certain other comparative figures for 2019 have been reclassified to conform with 2020 presentation. The most significant reclassifications have been described in note 17.

NOTE 25 - SUBSEQUENT EVENTS

Change in year-end

The University changed its financial year end from June 30 to March 31. The effective date of this change is March 31, 2021.

YUKON UNIVERSITY
FINANCIAL STATEMENTS

March 31, 2021

(audited)

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YUKON UNIVERSITY

Management Responsibility

The consolidated financial statements are the responsibility of management and the Board of Governors of the Yukon University. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards with Section 4200 series for government not-for-profit organizations. The consolidated financial statements include estimates based on the experience and judgment of management.

Management is responsible for maintaining the books of account, financial and management controls, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of University objectives and that operations are carried out effectively.


Management is also responsible for designing systems and practices to provide reasonable assurance that transactions are in accordance with the *Yukon University Act*, bylaws, and policies of the University.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the external auditor to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters. The Board of Governors has reviewed and approved the consolidated financial statements.

These consolidated financial statements have been independently audited by the University's auditor, the Auditor General of Canada, and her report is included herein.



Dr. Lesley Brown
President



Sheila Ananthan, CPA, CGA
Director, Finance and Administrative Services

September 24, 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of Yukon University

Opinion

We have audited the consolidated financial statements of Yukon University and its controlled entity (the Group), which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of operations, consolidated statement of changes in net assets, consolidated statement of remeasurement gains and losses, and consolidated statement of cash flows for the 9-month period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and the consolidated results of its operations, its consolidated remeasurement gains and losses, and its consolidated cash flows for the 9-month period then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

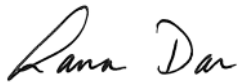
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada


Vancouver, Canada
24 September 2021

YUKON UNIVERSITY
Consolidated Statement of Financial Position
As at March 31, 2021 and June 30, 2020

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
ASSETS		
Current Assets		
Cash (note 4)	\$ 8,506,296	\$ 2,671,041
Accounts receivable (note 3)	7,716,264	8,692,908
Inventories	175,637	194,607
Prepaid expenses	448,704	147,638
Total Current Assets	<u>16,846,901</u>	<u>11,706,194</u>
Non-Current Assets		
Restricted cash and cash equivalents (note 5)	1,111,510	640,483
Restricted investments (note 6)	4,815,042	4,011,077
Accrued pension benefit asset (note 7a)	20,529,300	19,888,200
Capital assets (note 8)	8,735,325	8,944,803
Total Non-current Assets	<u>35,191,177</u>	<u>33,484,563</u>
Total Assets	<u>\$ 52,038,078</u>	<u>\$ 45,190,757</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (note 9)	\$ 4,368,312	\$ 3,135,879
Deferred revenue (note 10)	204,494	186,790
Deferred contributions (note 11)	5,551,419	3,340,755
Vacation leave and employee future benefits (note 12)	3,735,513	2,911,873
Loan payable (note 13)	996,431	996,431
Total Current Liabilities	<u>14,856,169</u>	<u>10,571,728</u>
Non-current Liabilities		
Deferred capital contributions (note 14)	5,520,768	5,485,717
Other employee future benefits (note 7b)	6,294,100	5,957,400
Total Non-current Liabilities	<u>11,814,868</u>	<u>11,443,117</u>
Net Assets		
Invested in capital assets	3,214,557	3,459,086
Externally restricted for endowments (note 15)	3,240,606	3,202,406
Internally restricted for pension (note 7a)	20,529,300	19,888,200
Internally restricted for capital assets (note 5)	542,597	-
Unrestricted	<u>(2,295,837)</u>	<u>(2,916,549)</u>
	25,231,223	23,633,143
Accumulated remeasurement gains/(losses)	135,818	(457,231)
Total Net Assets	<u>25,367,041</u>	<u>23,175,912</u>
Total Liabilities and Net Assets	<u>\$ 52,038,078</u>	<u>\$ 45,190,757</u>
Contractual rights (note 20)		
Contractual obligations (note 21)		

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Governors



 Chair



 Member

YUKON UNIVERSITY
Consolidated Statement of Operations
For the 9-month period ended March 31, 2021 and the year ended June 30, 2020

	<u>9-month period ended</u>	<u>year ended</u>
	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Revenues		
Government of Yukon contributions (note 17)	\$ 28,671,025	\$ 35,243,255
Other contributions (note 11)	4,469,548	4,868,472
Tuition (note 10)	2,338,913	2,801,975
Contracts (note 10)	1,166,117	1,370,252
Sales, rentals, and services	784,880	1,467,104
Student assistance/scholarships	725,055	915,984
Miscellaneous income (note 18)	720,069	1,065,795
Amortization of deferred capital contributions (note 14)	445,913	447,384
Interest income	44,437	229,265
	<u>39,365,957</u>	<u>48,409,486</u>
Expenses (note 16)		
Direct instruction	\$ 12,176,681	\$ 14,697,283
Direct instructional support	8,300,454	10,485,924
General administration	6,226,999	7,297,018
Services received without charge (note 16)	3,821,869	4,879,075
Research	3,769,541	4,270,063
Facility services and utilities	1,383,168	1,870,907
Cost of sales	895,431	1,575,918
Amortization of capital assets (note 8)	806,730	1,072,700
Student assistance/scholarships	401,901	908,181
Miscellaneous	23,303	103,501
	<u>37,806,077</u>	<u>47,160,570</u>
Excess of revenues over expenses (note 22)	<u>\$ 1,559,880</u>	<u>\$ 1,248,916</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Consolidated Statement of Changes in Net Assets
For the 9-month period ended March 31, 2021 and the year ended June 30, 2020

	<u>Unrestricted</u>	<u>Invested in Capital Assets</u>	<u>Externally Restricted for Endowments</u>	<u>Internally Restricted for Pension</u>	<u>Internally Restricted for Capital Assets</u>	<u>Accumulated Remeasurement Losses</u>	<u>9-month period ended</u>		<u>year ended</u>
							<u>March 31, 2021</u>	<u>Total</u>	<u>June 30, 2020</u>
Balance, beginning of	\$ (2,916,549)	\$ 3,459,086	\$ 3,202,406	\$ 19,888,200	\$ -	\$ (457,231)	\$ 23,175,912	\$ 21,775,780	
Excess of revenues over expenses	918,780	-	-	641,100	-	-	1,559,880	1,248,916	
Capital assets acquired net of disposals (note 8)	(597,252)	597,252	-	-	-	-	-	-	
Deferred capital contributions invested in capital assets (note 14)	480,964	(480,964)	-	-	-	-	-	-	
Amortization of capital assets (note 8)	806,730	(806,730)	-	-	-	-	-	-	
Amortization of deferred capital contributions (note 14)	(445,913)	445,913	-	-	-	-	-	-	
Transfer to internally restricted for capital assets	(542,597)	-	-	-	542,597	-	-	-	
Remeasurement gains/(losses)	-	-	-	-	-	593,049	593,049	(328,637)	
Endowment contributions	-	-	16,386	-	-	-	16,386	306,715	
Net gain on investments	-	-	21,814	-	-	-	21,814	173,138	
Balance, end of period	\$ (2,295,837)	\$ 3,214,557	\$ 3,240,606	\$ 20,529,300	\$ 542,597	\$ 135,818	\$ 25,367,041	\$ 23,175,912	

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Consolidated Statement of Remeasurement Gains and Losses
For the 9-month period ended March 31, 2021 and the year ended June 30, 2020

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Accumulated remeasurement losses, beginning of period	\$ (457,231)	\$ (128,594)
Unrealized gains/(losses) attributable to:		
Restricted investments	<u>593,049</u>	<u>(328,637)</u>
Accumulated remeasurement gains/(losses), end of period	<u>\$ 135,818</u>	<u>\$ (457,231)</u>

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Consolidated Statement of Cash Flows
For the 9-month period ended March 31, 2021 and the year ended June 30, 2020

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Operating activities:		
Excess of revenues over expenses	\$ 1,559,880	\$ 1,248,916
Items not affecting cash		
Amortization of capital assets (note 8)	806,730	1,072,700
Amortization of deferred capital contributions (note 14)	(445,913)	(447,384)
Loss on disposal of capital assets	58,907	7,182
Changes in non-cash working capital balances		
Accounts receivable	976,644	(5,635,703)
Accounts payable	1,232,433	(50,730)
Deferred revenue	17,704	(1,107,393)
Deferred contributions	2,210,664	684,477
Inventories	18,970	(76,110)
Prepaid expenses	(301,066)	(12,265)
Vacation leave and employee future benefits	823,640	202,637
Increase in accrued pension benefit asset	(641,100)	(1,612,400)
Increase in non-current other employee future benefits	336,700	402,600
Cash flows provided from/(used in) operating activities	<u>6,654,193</u>	<u>(5,323,473)</u>
Investing activities:		
Increase in restricted cash and cash equivalents	(471,027)	(84,875)
Increase in restricted investments	(210,916)	(576,964)
Cash flows used in investing activities	<u>(681,943)</u>	<u>(661,839)</u>
Capital activities:		
Capital assets acquired (note 8)	(656,159)	(386,408)
Cash flows used in capital activities	<u>(656,159)</u>	<u>(386,408)</u>
Financing activities:		
Net investment income from endowments (note 15)	21,814	173,138
Endowment contributions (including transfers)	16,386	306,715
Receipt of deferred capital contributions	480,964	-
Cash flows provided from financing activities	<u>519,164</u>	<u>479,853</u>
Change in cash:		
Net increase/(decrease) in cash	5,835,255	(5,891,867)
Cash		
Beginning, of period	<u>2,671,041</u>	<u>8,562,908</u>
End of period	\$ <u>8,506,296</u>	\$ <u>2,671,041</u>
Interest received	\$ 44,436	\$ 229,265
Interest paid	73	229

The accompanying notes are an integral part of the consolidated financial statements.

YUKON UNIVERSITY
Notes to the Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 1 - PURPOSE

a) The *Yukon University Act* was proclaimed into force effective February 6, 2020 replacing the *Yukon College Act*. Under the *Yukon University Act*, Yukon College, incorporated under the *Yukon College Act*, continues as a corporation under the name Yukon University. Yukon University (the University) is a post-secondary educational institution. The University is a not-for-profit organization and is a registered charity under the *Income Tax Act* and is therefore exempt from tax. A significant portion of its funding is provided by the Government of Yukon. The purpose of the University is to offer a balance of educational programs. Programs include baccalaureate, masters and doctoral degree programs, certificate and diploma programs, and continuing and adult basic education. The University also undertakes and maintains research, scholarly activities and other learning and training activities for these purposes.

b) The Yukon University Foundation (the Foundation) is incorporated as a not-for-profit organization under the *Canada Not-For-Profit Corporations Act*. The Foundation is a registered charity under the *Income Tax Act* and is therefore exempt from tax. The Foundation was established:

- to fund, facilitate, promote, and carry out activities which are consistent with the objectives of the University and to provide support for its educational facilities, educational programs, and education services;
- to fund the provision of bursaries, scholarships and prizes granted by the University for any purpose for students in attendance at facilities owned and/or operated by the University;
- to receive bequests, legacies, donations, gifts, funds, and property from all sources and to hold and invest such funds and property and to administer and distribute such funds and property for the purposes of the Foundation; and
- to do all such other things as are incidental and ancillary to the attainment of the foregoing purposes and the exercise of the power of the Foundation.

c) The University changed its financial year end from June 30 to March 31 to better align with the fiscal year end of existing funders. The effective date of this change is March 31, 2021.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The University has elected to apply the Section 4200 series for government-not-for-profit organizations.

b) Basis of consolidation

The consolidated financial statements include the accounts of the University and its controlled entity, the Foundation. All inter-entity transactions and balances have been eliminated on consolidation.

The University controls the Foundation as the Board of Governors of the University have the ability to be appointed as the majority of the members of the Board of Directors of the Foundation. The President of the University is the only board member in common for the Foundation and the University. The President is an ex-officio member of the Board of Directors of the Foundation and a non-voting member of the Board of Governors of the University. The Foundation operates out of the University's main campus building with the assistance of University employees in the advancement office.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Financial instruments

The financial instruments of the University include cash, accounts receivable, restricted cash and cash equivalents, restricted investments, accounts payable and accrued liabilities, employee accrued liabilities and loan payable.

All of the University's financial instruments are assigned to the cost or amortized cost measurement category, except for restricted investments which are assigned to the fair value measurement category.

Fair value classification

Restricted investments includes equity and debt instruments that are quoted in an active market. They are initially recognized at fair value and subsequently carried at fair value. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized. Realized changes in fair value of restricted investments are recorded as deferred contributions, where they remain deferred until the restriction on use is fulfilled, and at that time the amount is transferred to the Consolidated Statement of Operations. Transaction costs are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the Consolidated Statement of Operations.

The University classifies, for financial reporting purposes, fair value measurements using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the University can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value.

Amortized cost classification

These financial instruments are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs are added to the cost of the instrument.

Writedowns are recognized when the amount of the loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are written down to net recoverable value with the writedown recognized in the Consolidated Statement of Operations. Accounts receivable are recorded at cost less valuation allowances. Valuation allowances are calculated by examining amounts overdue 90 days or more to estimate amounts deemed to be uncollectible.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Capital assets

Capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the time of contribution.

When conditions indicate that an asset no longer contributes to the University's ability to provide its services, the carrying value of the capital asset is reduced to reflect the decline in the asset's value.

Construction in progress costs are capitalized as incurred. These amounts are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets once the assets are placed in service.

Capital assets are amortized on a straight-line basis over their estimated useful lives, which are estimated as follows:

	<u>Useful life (years)</u>
Leasehold improvements	20
Equipment general	10
Equipment electronic data processing (EDP)	3
Mobile trailers	20
Furniture and fixtures	10
Vehicles	5

The Works of art are capitalized at cost and no amortization is recorded.

e) Inventories

Inventories consist of items for resale in the bookstore and food service operations and are valued at the lower of cost and net realizable value. Cost is determined on a first-in first-out basis.

f) Contributed services

The University benefits from services provided by volunteers in assisting the institution in carrying out its activities. The fair value of these services is not reliably estimable and accordingly is not recognized in the consolidated financial statements.

g) Employee future benefits

Pension benefits

Yukon University Employees' Pension Plan (pension plan) is a contributory defined benefit pension plan. The pension plan provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of the University after 24 months of continuous service. The University's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ended September 30. In general, pension benefits are based on 2% of the best five years of continuous service minus any adjustments required by the Canada Pension Plan. Plan members can accumulate up to 35 years of continuous service. The University has contracted with external organizations to provide the services of trustee, administration, consulting, and investment management for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Employee future benefits (continued)

The University accrues its obligations under the pension plan and the related costs, net of plan assets.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

Past service costs from plan amendments are accounted for in the period of the plan amendments.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group.

Other non-pension benefits

The cost of the benefit plan, other than pension, including severance benefits, non-vesting but accumulating sick leave and special leave and managers' accrued leave, payable upon termination of employment, death or retirement, is actuarially determined using the projected accrued benefit method prorated on employment services using management's best estimate of inflation rates, salary escalation, and retirement ages of employees, and is recognized over the period in which the benefits are earned (i.e. the period the employee renders service to the University). Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group. The University accrues other vacation and leave benefits for employees as earned based on their respective terms of employment.

h) Revenue recognition

The University follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue on the same basis and in the same periods as expenses under the terms of the restrictions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Unrestricted contributions, such as operating grants, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Endowment contributions are recognized as direct increases in endowment net assets. Interest earned on endowment contributions where a portion of the interest cannot be spent is added to the endowment principal. Interest earned on endowment contributions where the investment income can be spent is deferred until the interest is spent for the specified purposes.

Sales, rentals and services, miscellaneous income, and tuition are reported as revenue at the time the services are substantially provided, or the products are delivered. Deposits received from students are recognized as a liability until the student enrolls in courses and requests application of the deposit against tuition fees charged on their student account. Tuition fees received in advance of courses being delivered are deferred and recognized as revenue when the courses are delivered.

The University provides education, rentals, research and services to private companies, federal and territorial government departments, agencies, and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the terms of the agreements.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Allocation of expenses

The University allocates the majority of its expenses by function. General administration expenses are not allocated to other functions but are disclosed separately. Fundraising expenses incurred during the year are included in general administration expenses.

j) Internally restricted net assets

Net assets invested in capital assets represents the amount the University has spent on capital assets using its own funding sources. Net assets internally restricted for pension represents the amounts restricted in order to meet future pension obligations. Net assets internally restricted for capital assets represents the amounts restricted in order to invest in capital assets (replacement and purchase of new assets).

k) Related party transactions

The University is related to all Government of Yukon departments, corporations, agencies, and the University's key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the University. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

Related party transactions other than inter-entity transactions are recorded at the exchange amount.

The University receives certain services provided by the Government of Yukon without charge. The majority of the services received without charge represent costs associated with facilities provided by the Government of Yukon at a reduced, or no, charge. These services are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the University's operations in its consolidated financial statements. These services are recorded at amounts based on the Government of Yukon's amortization expense (for the main campus), and on fair value for the rental of other facilities.

l) Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses for the year. Significant areas requiring the use of management estimates relate to the determination of the accrued pension benefit asset and the liabilities for other employee future benefits, and the estimated useful lives of capital assets. Actual results could differ significantly from those estimated. Estimates are reviewed annually and as adjustments become necessary, they are recorded in the consolidated financial statements in the period which they become known.

m) Contingent liabilities

Contingent liabilities may arise from time to time in the normal course of operations. Liabilities on any litigation are recognized in the consolidated financial statements when it is likely that a future event will confirm that a liability has been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingent liability is disclosed in the notes to the consolidated financial statements and no liability is accrued.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 3 – FINANCIAL RISK MANAGEMENT

The University's financial instruments are exposed to the following risks: interest rate risk, foreign exchange risk, credit risk, liquidity risk and other price risk. The University manages these risk exposures on an ongoing basis. The University is not party to any financial derivatives.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The University is exposed to interest rate risk on its fixed interest rate for financial instruments, which subject the University to a fair value risk. Investments are monitored by the Board of Governors and managed by investment managers, subject to asset mix and performance benchmarks contained in the investment policies. The investment managers report on a regular basis to the Board of Governors.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The University is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Credit risk

Credit risk arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of cash, accounts receivable, restricted cash and cash equivalents and restricted investments represents the maximum credit exposure. The credit risk associated with these instruments is considered to be minimal due to the nature of the instruments and the fact that the majority of the accounts receivable are due from the federal, territorial, first nation and municipal governments.

Information regarding the University's accounts receivable is as follows:

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Carrying value	\$ 7,716,264	\$ 8,692,908
Allowance for doubtful accounts	\$ 47,170	\$ 55,230
Accounts receivable % less than 30 days	93 %	89%
Accounts receivable % over 90 days	4 %	4%

Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they become due.

The University manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. As at March 31, 2021 and June 30, 2020, substantially all of the University's accounts payable and accrued liabilities is due within 6 months of period-end.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 3 – FINANCIAL RISK MANAGEMENT (continued)

Other price risk

Other price risk is the risk that changes in financial or market conditions impair the value of the University's assets, or that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The University's investments are managed by investment managers in accordance with the University's investment Governance Policy. The University is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. Other price risk is not considered significant.

NOTE 4 - CASH

The University has, if needed, an operating demand line of credit with its banker that allows the University to borrow up to \$1,000,000 (June 30, 2020 - \$500,000) at bank prime. The credit line was unused at both March 31, 2021 and June 30, 2020. The University's credit facility interest rates are subject to fluctuations in the prime rate.

NOTE 5 - RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consists of guaranteed investment certificates of \$818,913 (June 30, 2020 - \$162,277) and cash of \$292,597 (June 30, 2020 - \$ 478,206).

An amount of \$298,450 (June 30, 2020 - \$479,023) is externally restricted for certain endowment and deferred contributions. An amount of \$270,463 (June 30, 2020 - \$161,460) is internally restricted for prepaid employee leave. An amount of \$542,597 (June 30, 2020 - \$ -) is internally restricted for investment in capital assets.

NOTE 6 - RESTRICTED INVESTMENTS

Investments were comprised of the following:

	Level	Percentage	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Equity securities	1	61.90%	\$ 2,978,152	\$ 2,503,499
Debt securities	1	34.70%	1,671,808	1,407,219
Cash and cash equivalents	1	3.40%	165,082	100,359
Total		<u>100.00%</u>	<u>\$ 4,815,042</u>	<u>\$ 4,011,077</u>

Restricted investments are externally restricted.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 7 - EMPLOYEE FUTURE BENEFITS

a) Pension benefits

Yukon University Employees' Pension Plan is a defined-benefit pension plan, which requires the employer and the employee to make annual contributions to an employee's retirement account. Plan administrators hire an actuary to calculate the future benefits that the plan must pay an employee and the amount that the employer and employee must contribute to provide those benefits. During the 9-month period ended March 31, 2021, the pension benefits paid by the pension plan were \$3,764,500 (year ended June 30, 2020 - \$3,590,600) and the employer and employee contributions to the pension plan were \$1,812,000 (year ended June 30, 2020 - \$1,863,400) and \$1,797,000 (year ended June 30, 2020 - \$1,994,000), respectively.

The pension plan has two groups of members. Group 1 is for members with a start date prior to July 1, 2013. Group 2 is for members with a start date on or after July 1, 2013. The age at which a member can retire without a reduced pension is age 60 for Group 1 and age 65 for Group 2. During the 9-month period ended March 31, 2021 and the year ended June 30, 2020, Group 1 members were required to contribute to the plan at a rate of 10.72% on annual earnings up to the Yearly Maximum Pensionable Earnings (YMPE) plus 13.12% on annual earnings in excess of the YMPE. During the 9-month period ended March 31, 2021 and year ended June 30, 2020, Group 2 members were required to contribute to the plan at a rate of 9.43% on annual earnings up to the YMPE plus 11.21% on annual earnings in excess of the YMPE.

Assets in the pension plan are based on fair values as reported by the custodian of the funds as at March 31, 2021. No adjustment is made for contributions/payments in transit at that date.

An actuarial valuation for accounting purposes was performed as at March 31, 2021 using the projected benefits method prorated on services.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 7 - EMPLOYEE FUTURE BENEFITS (continued)

a) Pension benefits (continued)

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimates of these future events. Key assumptions are summarized below:

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Weighted-average assumptions for benefit costs		
Discount rate	5.30%	5.25%
Expected long-term rate of return on plan assets	5.30%	5.25%
Rate of compensation increase	3.40%	3.40%
Inflation rate	2.00%	2.00%
Expected average remaining service life	10 years	10 years
Weighted-average assumptions of accrued benefit obligation		
Discount rate	5.30%	5.25%
Rate of compensation increase	3.40%	3.40%
Inflation rate	2.00%	2.00%
Change in accrued benefit obligation:		
Accrued benefit obligation - beginning of period	\$ 93,159,000	\$ 87,143,800
Current service cost, net of employee contributions	1,898,200	2,095,100
Interest cost	3,657,700	4,800,300
Employee contributions	1,797,000	1,994,000
Benefits paid	(3,764,500)	(3,590,600)
Admin expenses	(458,100)	(230,000)
Actuarial (gains)/losses	(1,226,100)	946,400
Accrued benefit obligation - end of period	<u>\$ 95,063,200</u>	<u>\$ 93,159,000</u>
Change in plan assets:		
Fair value of plan assets - beginning of period	\$ 113,825,300	\$ 112,401,800
Actual return on plan assets	19,293,500	1,386,700
Employer contributions	1,812,000	1,863,400
Employee contributions	1,797,000	1,994,000
Benefits paid	(3,764,500)	(3,590,600)
Admin expenses	(458,100)	(230,000)
Fair value of plan assets - end of period	<u>\$ 132,505,200</u>	<u>\$ 113,825,300</u>
Reconciliation of accrued pension benefit asset - end of period:		
Accrued benefit obligation	\$ (95,063,200)	\$ (93,159,000)
Fair value of plan assets	<u>132,505,200</u>	<u>113,825,300</u>
Pension benefit surplus	37,442,000	20,666,300
Unamortized net actuarial gains	<u>(16,912,700)</u>	<u>(778,100)</u>
Accrued pension benefit asset	<u>\$ 20,529,300</u>	<u>\$ 19,888,200</u>

The unamortized net actuarial gains of \$16,912,700 as at March 31, 2021 is primarily comprised of the difference between the expected return on plan assets and the actual return on plan assets for the 9-month period ended March 31, 2021.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 7 - EMPLOYEE FUTURE BENEFITS (continued)

a) Pension benefits (continued)

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Elements of defined pension plan benefit costs recognized in the period:		
Current service cost, net of employee contributions	\$ 1,898,200	\$ 2,095,100
Interest cost on benefit obligation	3,657,700	4,800,300
Expected return on plan assets	(4,469,800)	(6,183,100)
Amortization of actuarial losses/(gains)	84,800	(461,300)
Net periodic pension cost recognized	<u>\$ 1,170,900</u>	<u>251,000</u>
Based on fair value of plan assets held, the assets were composed of:		
	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Equity securities	58%	56%
Debt securities	41%	42%
Other	1%	2%
Total	<u>100%</u>	<u>100%</u>

The net periodic pension cost of \$1,170,900 (year ended June 30, 2020 - \$251,000) is recognized in salaries, wages and benefits in note 16 and allocated to expenses by function on the Consolidated Statement of Operations in a manner consistent with the employee allocation to those functions.

Actuarial valuation for funding purposes

An actuarial valuation for funding purposes was performed as at June 30, 2020 which identified the University's required current service contributions as 100.4% (June 30, 2019– 94.3%) of employee contributions. Under economic and demographic assumptions used in these calculations this level of University contributions, together with the employee contributions is sufficient to fund the current service costs of the pension plan benefits.

The actuarial valuation for funding purposes as at June 30, 2020 for the University had an actual surplus of \$16,005,500 (June 30, 2019 - \$19,586,500) at the measurement date on a going-concern basis and a deficit of \$21,013,500 (June 30, 2019 - \$11,295,600) if valued on the basis that the pension plan was terminated/wound up as at June 30, 2020. The solvency ratio of the pension plan was 86.3% as at June 30, 2020. The Government of Yukon provided a pension related contribution to the University during the year as described in note 17. All required contributions to the pension plan have been made.

The *Pension Benefits Standards Act* permits that in lieu of making special solvency payments, letters of credit can be obtained to reduce the solvency deficiency. In May 2011, for the solvency deficiency, the University acquired a letter of credit for the pension plan. The face value of the letter of credit was increased by \$202,067 per month for the period January 1, 2021 to March 31, 2021. On April 15, 2020 the Federal Government adopted a regulation to provide temporary, short-term solvency funding relief for sponsors of federally regulated defined benefit pension plans and, as a result, no increases to the face value of the letter of credit were required for the period April 1, 2020 to December 30, 2020. The University chose to adopt this moratorium. The face value of the letter of credit as at June 30, 2020 was \$18,932,500. In January 2021 the University renewed the letter of credit to December 31, 2021 for face value of \$21,357,297. The letter of credit is guaranteed by the Government of Yukon.

A new actuarial valuation for funding purposes will be prepared as at June 30, 2021 and will be filed with the regulator prior to December 31, 2021.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 7 - EMPLOYEE FUTURE BENEFITS (continued)

a) Pension benefits (continued)

The Government of Yukon has issued letters to a bank guaranteeing that, should there be a requirement to draw upon the letter of credit required by the University to address its solvency deficit in its pension plan, the Government of Yukon will provide the necessary support to address any resulting debt, interest and costs that may be required under the federal pension legislation. In January 2021, the guarantee remained in effect to December 31, 2021.

b) Other non-pension benefits

The non-pension benefit plan is not funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The benefits include severance, non-vesting but accumulating sick leave, special leave and other outstanding leave entitlements and will be paid from future sources of revenue. The actuarial valuation of the accrued benefit liability is:

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Accrued benefit obligation, end of period		
Unamortized actuarial gain	\$ 6,707,200	\$ 6,355,200
Actuarially determined other employee future benefits, end of period	266,900	282,200
	<hr/>	<hr/>
Less: Current portion included in vacation leave and employee future benefits	6,974,100	6,637,400
Long-term portion other employee future benefits, end of period	(680,000)	(680,000)
	<hr/>	<hr/>
	\$ 6,294,100	\$ 5,957,400

The annual benefit plan cost and change in accrued benefit liability are as follows:

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Accrued benefit liability, beginning of period	\$ 6,637,400	\$ 6,234,800
Add: Annual benefit plan cost:		
Current service cost	706,300	903,400
Interest on accrued benefit obligation	140,400	179,200
Amortization of net actuarial gain	-	-
Total annual benefit plan cost	<hr/>	<hr/>
	7,484,100	7,317,400
Less: Benefits paid by the University	<hr/>	<hr/>
	(510,000)	(680,000)
Actuarially determined other employee future benefits, end of period	6,974,100	6,637,400
Less: Current portion included in vacation leave and employee future benefits	<hr/>	<hr/>
	(680,000)	(680,000)
Long-term portion other employee future benefits, end of period	<hr/>	<hr/>
	\$ 6,294,100	\$ 5,957,400

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 7 - EMPLOYEE FUTURE BENEFITS (continued)

b) Other non-pension benefits (continued)

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation are as follows:

	<u>9-month period ended</u> <u>March 31, 2021</u>	<u>year ended</u> <u>June 30, 2020</u>
Weighted average assumptions for benefit costs:		
Discount rate	2.75%	2.75%
Rate of compensation increase		
for 10 years	2.75%	2.75%
thereafter	3.25%	3.25%
Expected average remaining service life	11 years	11 years
Weighted average assumptions for accrued benefit obligation:		
Discount rate	2.75%	2.75%
Rate of compensation increase		
for 10 years	2.75%	2.75%
thereafter	3.25%	3.25%
Expected average remaining service life	11 years	11 years

YUKON UNIVERSITY
Notes to Consolidated Financial Statements

9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 8 – CAPITAL ASSETS

	<u>Beginning of Period</u>	<u>Additions</u>	<u>Disposals</u>	<u>End of Period</u>
March 31, 2021				
Cost:				
Leasehold improvements	\$ 7,033,896	\$ 18,819	\$ (29,630)	\$ 7,023,085
Equipment general	3,846,723	172,130	(180,566)	3,838,287
Equipment EDP	796,614	52,334	(4,098)	844,850
Mobile trailers	2,273,284	9,412	(111,304)	2,171,392
Furniture and fixtures	498,861	-	-	498,861
Works of art	81,948	21,500	-	103,448
Vehicles	521,633	-	-	521,633
Work in progress	32,647	381,964	-	414,611
Total	<u>\$ 15,085,606</u>	<u>\$ 656,159</u>	<u>\$ (325,598)</u>	<u>\$ 15,416,167</u>
Accumulated Amortization:				
Leasehold improvements	\$ 2,261,807	\$ 286,772	\$ (29,631)	\$ 2,518,948
Equipment general	1,792,204	321,933	(162,005)	1,952,132
Equipment EDP	661,862	66,664	(4,098)	724,428
Mobile trailers	772,867	85,248	(70,957)	787,158
Furniture and fixtures	176,778	33,480	-	210,258
Works of art	-	-	-	-
Vehicles	475,285	12,633	-	487,918
Work in progress	-	-	-	-
Total	<u>\$ 6,140,803</u>	<u>\$ 806,730</u>	<u>\$ (266,691)</u>	<u>\$ 6,680,842</u>
Carrying Amounts:	<u>\$ 8,944,803</u>			<u>\$ 8,735,325</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 8 – CAPITAL ASSETS (continued)

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>End of Period</u>
June 30, 2020				
Cost:				
Leasehold improvements	\$ 7,056,317	\$ 11,732	\$ (34,153)	\$ 7,033,896
Equipment general	3,752,975	180,418	(86,670)	3,846,723
Equipment EDP	761,688	45,694	(10,768)	796,614
Mobile trailers	2,273,284	-	-	2,273,284
Furniture and fixtures	353,297	145,664	-	498,861
Works of art	78,948	3,000	-	81,948
Vehicles	521,633	-	-	521,633
Work in progress	32,647	-	-	32,647
Total	\$ 14,830,789	\$ 386,508	\$ (131,591)	\$ 15,085,606
Accumulated Amortization:				
Leasehold improvements	\$ 1,914,512	\$ 381,448	\$ (34,153)	\$ 2,261,807
Equipment general	1,456,826	414,866	(79,488)	1,792,204
Equipment EDP	574,873	97,757	(10,768)	661,862
Mobile trailers	659,203	113,664	-	772,867
Furniture and fixtures	133,045	43,733	-	176,778
Works of art	-	-	-	-
Vehicles	454,053	21,232	-	475,285
Work in progress	-	-	-	-
Total	\$ 5,192,512	\$ 1,072,700	\$ (124,409)	\$ 6,140,803
Carrying Amounts:	\$ 9,638,277		\$ 8,944,803	

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Trades accounts payable	\$ 1,436,579	\$ 416,552
Payroll payable	1,116,591	1,072,056
Student deposits	1,083,111	902,174
Accrued accounts payable	475,901	216,045
Other payables	256,130	529,052
	<u>\$ 4,368,312</u>	<u>\$ 3,135,879</u>

NOTE 10 - DEFERRED REVENUE

	<u>Contracts</u>	<u>Tuition</u>	<u>9-month period ended</u>	<u>year ended</u>
			<u>March 31, 2021</u>	<u>June 30, 2020</u>
Balance, beginning of period	\$ 146,924	\$ 39,866	\$ 186,790	\$ 1,294,183
Additions	1,059,617	2,463,117	3,522,734	3,064,834
Revenue recognized	(1,166,117)	(2,338,913)	(3,505,030)	(4,172,227)
Balance, end of period	<u>\$ 40,424</u>	<u>\$ 164,070</u>	<u>\$ 204,494</u>	<u>\$ 186,790</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 11 - DEFERRED CONTRIBUTIONS

	<u>Government of Yukon Contributions</u>	<u>Other contribution</u>	<u>Donations</u>	<u>9-month period ended March 31, 2021</u>	<u>year ended June 30, 2020</u>
Balance, beginning of period	\$ 432,035	\$ 2,314,906	\$ 593,814	\$ 3,340,755	\$ 2,656,278
Additions	24,424,821	6,776,614	517,029	31,718,464	41,119,998
Revenue recognized	(24,849,156)	(4,469,548)	(382,288)	(29,700,992)	(40,534,949)
Investment income	-	-	193,192	193,192	99,428
Balance, end of period	\$ 7,700	\$ 4,621,972	\$ 921,747	\$ 5,551,419	\$ 3,340,755

Government of Yukon contributions (note 17) includes services received without charge of \$3,821,869 (year ended June 30, 2020 - \$4,879,075) in addition to \$24,849,156 (year ended June 30, 2020 - \$30,364,180) recognized from deferred contributions, for a total of \$28,671,025 (year ended June 30, 2020 - \$35,243,255).

Other contributions is comprised primarily of amounts from the Government of Canada, and also amounts from First Nations and other organizations. Donations revenue is recognized on the Consolidated Statement of Operations within student assistance/scholarships.

NOTE 12 - VACATION LEAVE AND EMPLOYEE FUTURE BENEFITS

	<u>March 31, 2021</u>	<u>June 30, 2020</u>
Vacation leave liability	\$ 2,657,383	\$ 1,897,998
Current portion of other employee future benefits (note 7b)	680,000	680,000
Funds held for income averaging	271,728	165,373
Long service leave liability	119,537	139,811
Compensatory pay liability	6,865	28,691
	<u>\$ 3,735,513</u>	<u>\$ 2,911,873</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 13 - LOAN PAYABLE

The University has entered into an agreement with a donor for a non-interest bearing loan that is invested as deemed appropriate by the University. Income from the loan will be used to establish and grow a research endowment. The principal will remain invested until it has been gifted to the University at which time it will be added to the research endowment and managed under the terms of the endowment agreement. While the loan is repayable within 90 days on demand, the loan may be converted to a gift at any time by the donor.

NOTE 14 - DEFERRED CAPITAL CONTRIBUTIONS

The changes in the deferred capital contributions balance are as follows:

	<i><u>9-month period ended</u></i> <i><u>March 31, 2021</u></i>	<i><u>year ended</u></i> <i><u>June 30, 2020</u></i>
Balance, beginning of period	\$ 5,485,717	\$ 5,933,101
Restricted government contributions	480,964	-
Amount amortized to revenue	<u>(445,913)</u>	<u>(447,384)</u>
Balance, end of period	<u>\$ 5,520,768</u>	<u>\$ 5,485,717</u>

NOTE 15 – EXTERNALLY RESTRICTED FOR ENDOWMENTS

	<i><u>9-month period ended</u></i> <i><u>March 31, 2021</u></i>	<i><u>year ended</u></i> <i><u>June 30, 2020</u></i>
Endowment balance, beginning of period	\$ 3,202,406	\$ 2,722,553
Investment income added to net assets	21,814	173,138
Contributions from donors	<u>16,386</u>	<u>306,715</u>
Endowment balance, end of period	<u>\$ 3,240,606</u>	<u>\$ 3,202,406</u>
Investment income added to net assets	\$ 21,814	\$ 173,138
Net income on investments recognized as revenue	<u>-</u>	<u>990</u>
Total investment income on endowments	<u>\$ 21,814</u>	<u>\$ 174,128</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 16 - EXPENDITURES BY OBJECT

	<i>9-month period ended</i> <u>March 31, 2021</u>	<i>year ended</i> <u>June 30, 2020</u>
Salaries, wages and benefits	\$ 25,620,853	\$ 30,679,919
Contract services	3,485,142	4,180,078
Rental of facilities and equipment	2,630,368	3,308,603
Utilities and communications	1,921,408	2,473,340
Material and supplies	1,120,418	1,371,071
Amortization of capital assets (note 8)	806,730	1,072,700
Licenses, permits, and memberships	465,087	564,526
Student assistance/scholarships	401,901	908,181
Promotion, events and advertising	374,965	460,292
Cost of sales and ancillary services	291,801	595,524
Travel	208,125	946,548
Bank fees and credit card commissions	193,470	231,879
Other	160,358	165,817
Books and subscriptions	64,505	102,998
Postage and freight	60,946	99,094
	<u>\$ 37,806,077</u>	<u>\$ 47,160,570</u>

Fundraising expenses totaling \$219,460 (year ended June 30, 2020 - \$324,478) are included in salaries, wages and benefits, contract services, material and supplies, and promotion, events, and advertising.

Services received without charge included in above:

	<i>9-month period ended</i> <u>March 31, 2021</u>	<i>year ended</i> <u>June 30, 2020</u>
Rental of facilities and equipment	\$ 2,322,947	\$ 2,938,143
Utilities and communication	1,498,922	1,940,932
	<u>\$ 3,821,869</u>	<u>\$ 4,879,075</u>

NOTE 17 - GOVERNMENT OF YUKON CONTRIBUTIONS

	<i>9-month period ended</i> <u>March 31, 2021</u>	<i>year ended</i> <u>June 30, 2020</u>
Operating contributions	\$ 17,918,612	\$ 21,965,258
Contributions other	6,840,931	8,279,438
Services received without charge (note 16)	3,821,869	4,879,075
Pension funding	89,613	119,484
	<u>\$ 28,671,025</u>	<u>\$ 35,243,255</u>

A significant portion of the University's income is received from the Government of Yukon. For the 9-month period ended March 31, 2021, total Government of Yukon contributions made up 73% of total revenues (year ended June 30, 2020 - 73%). For the 9-month period ended March 31, 2021, the University received \$89,613 (year ended June 30, 2020 - \$119,484) for pension letter of credit costs.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 18 - MISCELLANEOUS INCOME

	<i><u>9-month period ended</u></i> <i><u>March 31, 2021</u></i>	<i><u>year ended</u></i> <i><u>June 30, 2020</u></i>
Salary, travel and other expense recovery	\$ 354,787	\$ 383,544
Computer lab usage fees	138,783	149,910
General student fees	120,644	256,248
Other miscellaneous revenue	69,480	166,191
Facilities and equipment rental	24,529	83,358
Book, publication and supply sales	6,158	18,011
Course materials recovery	4,583	8,533
Pension contract recovery	1,105	-
	<u>\$ 720,069</u>	<u>\$ 1,065,795</u>

NOTE 19 - RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed in Note 17, the University enters into transactions with related entities in the normal course of business.

The University receives funds from the Government of Yukon for student training allowances. An amount of \$334,354 (year ended June 30, 2020 - \$467,121) is recognized on the Consolidated Statement of Operations within student assistance/scholarships. Included in the amortization of deferred capital contributions on the Consolidated Statement of Operations is \$306,493 (year ended June 30, 2020 - \$307,849) related to the Government of Yukon. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At March 31, 2021 there was \$159,528 (June 30, 2020 - \$104,777) of accounts payable and accrued liabilities and \$5,273,063 (June 30, 2020 - \$7,666,357) of accounts receivable related to the Government of Yukon. At March 31, 2021 there was \$7,700 (June 30, 2020 - \$432,035) of deferred contributions and \$4,378,331 (June 30, 2020 - \$4,302,860) of deferred capital contributions related to the Government of Yukon. The University has a lease agreement with the Government of Yukon for a building and land lease which expires June 2022. Lease payments total \$49,194 for the 9-month period ended March 31, 2021, and \$50,561 for the year ended March 31, 2022.

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 20 - CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The University's contractual rights arise because of contracts entered into for undertaking specific programs and projects in the normal course of business. The following table summarizes the contractual rights of the University:

	<u>Government of Canada</u>	<u>Government of Yukon</u>	<u>Other</u>	<u>Total</u>
2022	\$ 3,413,885	\$ 236,186	\$ 1,994,064	\$ 5,644,135
2023	1,928,180	109,368	1,732,493	3,770,041
2024	1,602,544	100,000	1,780,949	3,483,493
Thereafter	1,212,094	-	1,860,313	3,072,407
	<u>\$ 8,156,703</u>	<u>\$ 445,554</u>	<u>\$ 7,367,819</u>	<u>\$ 15,970,076</u>

Government of Canada contributions consist of funds to be received for the Northern Basic Adult Education program, the Industrial Research Chair – Northern Energy Innovation, a Yukon satellite program, and various other programs and initiatives such as Industrial Research Assistance, Partners for Children, Bringing Research Home and Environmental Monitoring.

Government of Yukon contributions consist of funds to be received for the Centre for Northern Innovation in Mining, the Yukon Research Centre, the Cold Climate Innovation Centre, programs such as Environmental Monitoring and other initiatives.

Other contributions consist of funds to be received for student support, the Industrial Research Chair – Northern Energy Innovation and other initiatives.

NOTE 21 - CONTRACTUAL OBLIGATIONS

Leases

The University has operating leases and maintenance service agreements for classroom space, telecommunication, the information system and course curriculum and is committed to basic payments as follows:

	<u>Maintenance Services</u>	<u>Facility Leases</u>	<u>Telecommunication Course curriculum and Other Contracts</u>	<u>Total</u>
2022	\$ 199,029	\$ 86,238	\$ 1,021,381	\$ 1,306,648
2023	206,991	13,061	246,839	466,891
2024	215,270	-	75,935	291,205
2025	-	-	20,666	20,666
	<u>\$ 621,290</u>	<u>\$ 99,299</u>	<u>\$ 1,364,821</u>	<u>\$ 2,085,410</u>

YUKON UNIVERSITY
Notes to Consolidated Financial Statements
9-month period ended March 31, 2021 and year ended June 30, 2020

NOTE 21 - CONTRACTUAL OBLIGATIONS (continued)

Capital Assets

The land and buildings at Ayamdigut Campus and some community campuses are owned by the Government of Yukon and leased to the University at no charge. The Government of Yukon is responsible for major maintenance and upkeep of the buildings and grounds, and the University is responsible for minor interior maintenance and repairs.

NOTE 22 - EXCESS OF REVENUE OVER EXPENSES

The revenue in excess of expenses includes net periodic pension cost of \$1,170,900 (year ended June 30, 2020 - \$251,000). As disclosed in note 7a, the University's employer contributions to the pension plan were \$1,812,000 (year ended June 30, 2020 - \$1,863,400), which is \$641,100 (year ended June 30, 2020 - \$1,612,400) higher than the amount recognized in expenses for the 9-month period ended March 31, 2021.

NOTE 23 – COMPARATIVE FIGURES

Certain comparative figures for 2020 included in these financial statements, have been reclassified to conform with the 2021 presentation.

YUKON DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2020

(audited)

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Management's Responsibility for Financial Reporting

Management is responsible for the preparation of these consolidated financial statements in conformity with International Financial Reporting Standards and all other financial information relating to the Corporation contained in this annual report. These consolidated financial statements have been prepared by management using methods appropriate for the industry in which the Corporation operates and necessarily include some amounts that are based on judgments and best estimates of management. The financial information contained elsewhere in this annual report is consistent with that in the consolidated financial statements. The Auditor General of Canada is the external auditor of the Corporation.

Management has established internal accounting control systems to meet its responsibilities for reliable and accurate reporting. These systems include policies and procedures, the careful selection and training of qualified personnel and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

The Board of Directors, through its Audit Committee, oversees management's responsibilities for financial reporting. The Audit Committee meets regularly with management and the independent auditor to discuss auditing and financial matters to ensure that management is carrying out its responsibilities and to review the consolidated financial statements. The auditors have full and free access to the Audit Committee and management.



Justin Ferbey
President and CEO



Blaine Anderson
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Development Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Yukon Development Corporation and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of operations and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Yukon Development Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of Yukon and regulations, the *Yukon Development Corporation Act* and regulations, the *Public Utilities Act* and regulations, the *Business Corporations Act* and regulations, and the articles and by-laws of the Yukon Development Corporation.

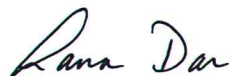
In our opinion, the transactions of the Yukon Development Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Yukon Development Corporation Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Development Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Development Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Development Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
25 June 2021

Yukon Development Corporation

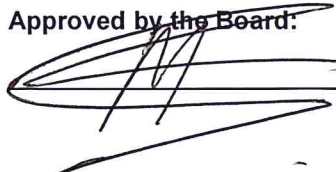
Consolidated Statement of Financial Position (in thousands of Canadian dollars)

December 31,	2020	2019
Assets		
Current		
Cash	\$ 5,964	\$ 9,085
Accounts receivable (Note 5)	30,127	10,452
Inventories (Note 6)	4,095	4,018
Prepaid expenses	1,443	741
	41,629	24,296
Non-current		
Right-of-use asset (Note 7)	427	639
Finance lease receivable (Note 8)	85	85
Property, plant and equipment (Note 9)	476,892	463,078
Intangible assets (Note 10)	17,436	12,462
Total assets	536,469	500,560
Regulatory deferral account debit balances (Note 11)	34,613	38,988
Total assets and regulatory deferral account debit balances	\$ 571,082	\$ 539,548
Liabilities		
Current		
Bank indebtedness (Note 12)	\$ 31,928	\$ 19,680
Accounts payable and accrued liabilities (Note 13)	18,170	11,329
Current portion of deferred revenue (Note 17)	1,658	2,661
Current portion of lease liability (Note 7)	206	206
Current portion of long-term debt (Note 14)	3,608	3,382
	55,570	37,258
Non-current		
Post-employment benefits (Note 15)	9,071	7,689
Contributions in aid of construction (Note 16)	87,979	76,952
Deferred revenue (Note 17)	18,486	17,994
Lease liability (Note 7)	237	443
Derivative related liability (Note 26)	5,050	1,930
Long-term debt (Note 14)	201,181	199,969
Total liabilities	377,574	342,235
Equity		
Contributed capital	41,501	41,501
Retained earnings	142,856	145,612
Total equity	184,357	187,113
Total liabilities and equity	561,931	529,348
Regulatory deferral account credit balances (Note 11)	9,151	10,200
Total liabilities, equity and regulatory deferral account credit balances	\$ 571,082	\$ 539,548

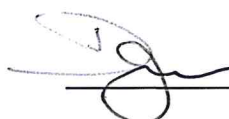
Commitments and Contingencies (Notes 23 and 24)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board:



Chair



Director

Yukon Development Corporation

Consolidated Statement of Operations and Other Comprehensive Income (in thousands of Canadian dollars)

For the year ended December 31,	2020	2019
Revenues		
Sales of power (Note 18)	\$ 70,625	\$ 50,206
Yukon Government contributions (Note 22)	7,339	7,455
Other (Note 19)	4,318	1,468
	82,282	59,129
Operating expenses		
Operations and maintenance (Note 20)	41,368	32,725
Administration (Note 21)	13,076	12,482
Depreciation and amortization (Notes 7, 9 and 10)	12,913	13,312
	67,357	58,519
Income before other income and other expenses	14,925	610
Other income		
Amortization of contributions in aid of construction (Note 16)	1,368	1,367
Allowance for funds used during construction	850	643
Interest income	96	108
	2,314	2,118
Other expenses		
Interest on borrowings	7,901	8,360
Interim electrical rebate program subsidies (Note 1)	3,137	3,171
Unrealized loss on interest rate swaps (Note 26)	3,120	888
Innovative renewable energy initiative program subsidies (Note 1)	1,297	1,228
	15,455	13,647
Net income (loss) for the year before net movement in regulatory deferral account balances	1,784	(10,919)
Net movement in regulatory deferral account balances related to net (loss) income (Note 11(d))	(3,326)	11,014
Net (loss) income for the year and net movement in regulatory deferral account balances	(1,542)	95
Other comprehensive loss		
Item that will not be reclassified to net income in subsequent periods		
Remeasurement of defined benefit pension plans (Note 15)	(1,214)	(1,859)
Total comprehensive loss for the year	\$ (2,756)	\$ (1,764)

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Development Corporation

Consolidated Statement of Changes in Equity (in thousands of Canadian dollars)

	Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2018	\$ 41,501	\$ 147,376	\$ -	\$ 188,877
Net income for the year and net movement in regulatory deferral account balances	-	95	-	95
Other comprehensive loss	-	-	(1,859)	(1,859)
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	(1,859)	1,859	-
Balance at December 31, 2019	\$ 41,501	\$ 145,612	\$ -	\$ 187,113
Net loss for the year and net movement in regulatory deferral account balances	-	(1,542)	-	(1,542)
Other comprehensive loss	-	-	(1,214)	(1,214)
Transfer of remeasurement of defined benefit pension plans to retained earnings	-	(1,214)	1,214	-
Balance at December 31, 2020	\$ 41,501	\$ 142,856	\$ -	\$ 184,357

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Development Corporation

Consolidated Statement of Cash Flows (in thousands of Canadian dollars)

For the year ended December 31,	2020	2019
Operating activities		
Cash receipts from customers	\$ 69,875	\$ 46,140
Cash receipts from Yukon Government	4,222	8,686
Cash receipts from contributions in aid of construction	-	528
Cash paid to suppliers	(40,868)	(36,178)
Cash paid to employees	(12,022)	(12,359)
Interest paid	(8,232)	(8,297)
Interest received	126	235
Cash provided by (used in) operating activities	13,101	(1,245)
Financing activities		
Proceeds from long-term debt	4,800	10,724
Repayment of long-term debt	(3,362)	(3,223)
Lease payments	(206)	(226)
Cash provided by financing activities	1,232	7,275
Investing activities		
Additions to property, plant and equipment	(23,790)	(19,392)
Additions to intangible assets	(5,912)	(2,346)
Cash used in investing activities	(29,702)	(21,738)
Net decrease in cash	(15,369)	(15,708)
Cash, beginning of year	(10,595)	5,113
Cash, end of year	\$ (25,964)	\$ (10,595)
Cash includes:		
Cash	\$ 5,964	\$ 9,085
Bank indebtedness (note 12)	(31,928)	(19,680)
Total	\$ (25,964)	\$ (10,595)

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations

a) General

Yukon Development Corporation was originally established under the *Yukon Development Corporation Act* to participate with the private sector in the economic development of the Yukon, to make strategic investments to the benefit of the territory and to acquire and operate the assets of Northern Canada Power Commission in the Yukon. In 1993, the Yukon Development Corporation's mandate was changed to restrict its new initiatives to energy-related activities designed to promote the economic development of the Yukon. The Yukon Development Corporation's principal place of business is located at 2180 Second Avenue, Suite 234 Whitehorse, YT, Y1A 5N6.

Yukon Development Corporation's wholly-owned subsidiary, Yukon Energy Corporation (the "Utility") was incorporated under the *Yukon Business Corporations Act*. The Utility generates, transmits, distributes and sells electrical energy in the Yukon and is subject to overall regulation by the Yukon Utilities Board ("YUB") and specific regulation by the Yukon Water Board. Both boards are consolidated by the Yukon Government and are related parties for accounting purposes to the Yukon Development Corporation and the Utility. Management has assessed that these boards operate independently from the Yukon Development Corporation and the Utility from a rate setting and operating perspective. The Utility's principal place of business is located at #2 Miles Canyon Road, Whitehorse, YT, Y1A 6S7.

Yukon Development Corporation and the Utility are not subject to income taxes.

Yukon Development Corporation consolidates the financial statements of its subsidiary, the Utility. All intercompany transactions, balances, income and expenses are eliminated on consolidation. References in these consolidated financial statements to "Corporation" refer to the consolidated entity.

b) Rate regulation

The operations of the Corporation are regulated by the YUB pursuant to the *Public Utilities Act*. The Corporation is subject to a cost of service regulatory mechanism under which the YUB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization, of providing the regulated service, and (ii) to provide a fair and reasonable return on Corporation investment in rate base. There is no minimum requirement for the Corporation to appear before the YUB to review rates. However, the Corporation is not permitted to charge any rate for the supply of power that is not approved by an Order of the YUB. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

The regulatory hearing process used to establish or change rates typically begins when the Corporation files a General Rate Application ("GRA") for its proposed electricity rate changes over the next one or two forecast years. The YUB must ensure that its decision, which fixes electricity rates, complies with appropriate principles of rate making, all relevant legislation including the *Public Utilities Act* and directives issued by Yukon Government through Orders-In-Council (OIC) that specify how the interests of the customer and Corporation are to be balanced.

The YUB typically follows a two-stage decision process. In the first stage, the total costs that the Corporation expects it will incur to provide electricity to its customers over the immediate future are reviewed and approved. The approval of these costs determines the total revenues the Corporation is allowed to collect from its customers.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

It is the responsibility of the YUB to examine the legitimacy of three classes of costs:

- the costs to the Corporation to run its operations and maintain its equipment (personnel and materials);
- the cost associated with the depreciation of all capital equipment; and
- the return on rate base (the costs related to borrowing that portion of rate base which is financed with debt, plus the costs to provide a reasonable rate of return on that portion of rate base which is financed with equity).

The YUB assesses the prudence of costs added to rate base, which includes an allowance for funds used during construction ("AFUDC") charged to capital projects. The YUB also reviews the appropriateness of property, plant and equipment depreciation rates, which are periodically updated by the Corporation through depreciation studies.

In the second stage, the YUB approves how the revenue will be raised. This stage essentially determines the electricity rates for the various customer classes in the Yukon: wholesale, general service, industrial, residential, sentinel and street lights and secondary sales. This process is guided mainly by requirements of OIC 1995/90 and can include a cost-of-service study which allocates the Corporation's overall cost of service to the various customer classes on the basis of appropriate costing principles.

In November 2020, the Corporation filed a GRA for the year 2021 requesting approval of revenue requirement and related rate increases. The GRA requested a rate increase of 11.54%. An interim refundable rate rider (10.08%) was approved effective July 1, 2021. The Corporation expects to complete the process and a final order from the YUB near the end of 2021.

The GRA requested a board order related to the regulatory deferral accounts, specifically a change to the long-term average for fuel costs to better reflect current market conditions.

These consolidated financial statements do not reflect the requested rate increase as the rate increase is for the period starting January 1, 2021. Refer to Note 4 Regulatory deferral account balances.

c) Water regulation

The Yukon Water Board ("YWB"), pursuant to the *Yukon Waters Act*, decides if and for how long the Corporation will have water licences for the purposes of operating hydro generation stations in the Yukon. The licences will also indicate terms and conditions for the operation of these facilities. The current water licenses have the following terms:

Aishihik Generating Station	February 28, 2023
Mayo Generating Station	December 31, 2025
Whitehorse Generating Station	December 31, 2025

d) Capital structure

The Utility's policy which has been approved by the YUB is to maintain a capital structure of 60% debt and 40% equity (Note 27).

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

1. Nature of operations - continued

e) Yukon Government

In August 2020, the Yukon Government authorized the continuation of the Interim Electrical Rebate program (the "rebate") for 12 months to March 31, 2021. The rebate provides subsidies to non-government residential and municipal customers. It was implemented in 1998 after the Faro mine closed to protect customers from significant bill increases that would have resulted from that shutdown. The Yukon Government is providing funding for the monthly rebate based on \$0.02395/kwh for the period from April 1, 2020 to May 31, 2020 and \$0.02328/kwh for the period from June 1, 2020 to March 31, 2021 applied to residential customers to a maximum of \$3.5 million annually.

The Corporation and the Yukon Government signed a Memorandum of Understanding for the accounting period starting April 1, 2011 to March 31, 2042 regarding the Mayo B and Carmacks-Stewart Transmission line projects. The Yukon Government will assist in funding the repayment of a portion of the bond interest costs of up to \$2.625 million annually, subject to the Corporation meeting specified terms set out in the agreement.

The Corporation signed an agreement with the Yukon Government for the period from January 1, 2018 to March 31, 2021 for total funding of up to \$1.5 million annually to conduct Innovative Renewable Energy Initiative programs throughout the Yukon. The program is intended to encourage the development of small-scale, community-based renewable energy generation capacity.

2. Basis of presentation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These consolidated financial statements were authorized for issue by the Board of Directors on June 25, 2021.

b) Basis of measurement

The financial information included in the consolidated financial statements has been prepared on a historical cost basis, except for some financial instruments, as described in Note 3(f), which are measured at fair value.

3. Significant accounting policies

a) Revenue recognition

The Corporation recognizes revenue from contracts where the right to consideration from a customer corresponds directly with the value to the customer of the Corporation's performance completed to date.

The majority of the Corporation's revenues from contracts with customers are derived from the generation, transmission, distribution, purchase and sales of electricity under the *Public Utilities Act*. The Corporation evaluates whether the contracts it enters into meet the definition of a contract with a customer at the inception of the contract and ongoing basis if there is an indication of a significant change in facts and circumstances.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

Revenue is measured based on the transaction price specified in a contract with a customer. Revenue is recognized when control over a promised good or service is transferred to the customer and the Corporation is entitled to consideration as a result of completion of the performance obligation.

The Corporation recognizes a contract asset or deferred revenue for the contracts where the performance obligation has not been satisfied. Deferred revenue is recognized when the Corporation receives consideration before the performance obligations have been satisfied. A contract asset is recorded when the Corporation has rights to consideration for the completion of a performance obligation when that right is conditional on something other than the passage of time. The Corporation recognizes unconditional rights to consideration separately as a trade receivable. Contract assets are evaluated at each reporting period to determine whether there is any objective evidence that they are impaired.

Electricity sales contracts are deemed to have a single performance obligation as the promise to transfer individual goods or services is not separately identifiable from other obligations in the contracts and therefore not distinct. These performance obligations are considered to be satisfied over time as electricity is delivered because of the continuous transfer of control to the customer. The method of revenue recognition for the electricity is an output method, which is based on the volume delivered to the customer.

The Corporation's electricity sales are calculated based on the customers usage of electricity during the period at the applicable published rates for each customer class. Electricity rates in the Yukon are set by the YUB. Electricity sales include an estimate of electricity deliveries not yet billed at period-end. The estimated unbilled revenue is based on several factors, including estimated consumption by customer, applicable customer rates and the number of days between the last billing date and the end of the period.

b) Translation of foreign currencies

The functional currency of the Corporation is the Canadian Dollar. Revenue and expense items denominated in foreign currencies are translated at exchange rates prevailing during the period. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates. Non-monetary assets and liabilities are translated at exchange rates in effect when the assets are acquired or the obligations are incurred. Foreign exchange gains and losses are reflected in net income for the period.

c) Allowance for funds used during construction

The cost of the Corporation's property, plant and equipment and intangible assets includes an allowance for funds used during construction ("AFUDC"). The AFUDC rate is based on the Corporation's weighted average cost of debt.

d) Cash

Cash is comprised of bank account balances (net of outstanding cheques).

e) Inventories

Inventories consist of materials and supplies, diesel fuel and liquefied natural gas. Inventories are carried at the lesser of weighted average cost and net realizable value. Cost includes all expenditures incurred in acquiring the items and bringing them to their existing condition and location. Critical spare parts are recognized in the Corporation's property, plant and equipment.

The recoverable value of inventory considers its net realizable value, including required processing costs, and is impacted by estimates and assumptions on price, quality, recovery and exchange rates. Obsolete materials and supplies are recorded at salvage value in the period when obsolescence is determined.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

f) Financial instruments

Financial assets and financial liabilities are recognized on the Corporation's Consolidated Statement of Financial Position when the Corporation becomes party to the contractual provisions of the instrument.

i) Financial assets

Cash, finance lease receivable, and accounts receivable, plus any transaction costs that are directly attributable to the acquisition of the financial asset, are initially measured at fair value. Subsequent to initial recognition, cash is measured at amortized cost and finance lease receivable and accounts receivable are measured at amortized cost using the effective interest rate method less any impairment. The Corporation's business model is to hold these assets to collect contractual cash flows.

A provision for impairment of accounts receivable is established applying the expected credit loss model based on all possible default events over the expected life of the financial asset. For trade accounts receivable, the Corporation applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables. For the other receivables, at the reporting date, if credit risk has increased significantly since initial recognition, the Corporation measures the loss allowance at an amount equal to the lifetime expected credit losses, otherwise, if the credit risk has not increased significantly since initial recognition, the Corporation measures the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or require financial reorganization, and default or delinquency in payments are considered indicators that the related accounts receivable are impaired. The accounts receivable carrying amount is reduced through the use of an allowance account and the loss is recognized in net income. A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or the Corporation has transferred its rights to receive cash flows from the asset and has transferred substantially all of the risk and rewards of the asset.

ii) Financial liabilities

Bank indebtedness, accounts payable and accrued liabilities, and long-term debt are initially measured at fair value less any transaction costs that are directly attributable to the issuance of the financial liability. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Transaction costs are presented as a reduction from the carrying value of the related debt and are amortized using the effective interest rate method over the terms of the debts to which they relate. Transaction costs include fees paid to agents, brokers and advisors but exclude debt discounts and lender financing costs.

Derivative financial instruments are financial contracts that derive their value from changes in an underlying variable. The Corporation has entered into interest rate swaps to manage interest rate risk. The Corporation's interest rate swaps are classified as fair value through profit and loss and are thus recognized at fair value on the date the contract has been entered into with any subsequent unrealized and realized gains and losses recognized in net income during the period in which the fair value movement occurred.

A financial liability is derecognized when the obligation is discharged or cancelled, or expires.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

g) Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and any asset impairment charges. Cost includes the direct costs of acquisition and materials, direct labour, and, if applicable, an allocation of directly attributable overhead costs, AFUDC and any asset retirement costs associated with the property, plant and equipment.

AFUDC is applied to actual costs in work-in-progress less any contributions in aid of construction. For items of property, plant and equipment acquired prior to January 1, 2011, the AFUDC rate also included a regulatory cost of equity component as allowed by the YUB. Capitalization of AFUDC ceases when the asset being constructed is substantially ready for its intended purpose.

Assets under construction are recognized as in construction work in progress until they are operational and available for use, at which time they are transferred to the applicable component of property, plant and equipment.

Depreciation is recognized in net income based on the straight-line method over the estimated useful life of each major component of property, plant and equipment.

The range of estimated useful lives of the major classes and subclasses of property, plant and equipment is as follows:

Generation	
Hydroelectric plants	30 to 103 years
Thermal plants	12 to 72 years
Transmission	20 to 65 years
Distribution	12 to 55 years
Buildings	20 to 55 years
Transportation	9 to 31 years
Other equipment	5 to 20 years

Depreciation commences when an asset is available for use. The estimated useful lives of the assets are based upon depreciation studies conducted periodically by the Corporation and any changes in the estimated useful life are accounted for prospectively.

Major overhaul costs are capitalized and depreciated on a straight-line basis over the period of the expected useful life (until the next major overhaul) which varies from 2 to 10 years. Repairs and maintenance costs of property plant and equipment are expensed as incurred unless they meet the criteria of a betterment.

h) Intangible assets

Intangible assets are carried at cost less accumulated amortization and any asset impairment charges. Cost includes the direct costs of acquisition and materials, direct labour, and, if applicable, an allocation of directly attributable overhead costs and AFUDC. Amortization is recognized in net income on a straight-line basis over the estimated useful lives as follows:

Software	5 years
Deferred service costs	12 years
Financial software	10 years
Licensing costs	
Hydro generation	17 to 25 years
Diesel generation	3 years

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

The water license for the Aishihik generating station received a 3 year extension. Costs associated with the 3 year extension are being amortized over 3 years (see Note 23).

i) Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- (i) The contract involves the use of an identified asset;
- (ii) The Corporation has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- (iii) The Corporation has the right to direct the use of the asset.

At inception, the Corporation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any incentives received. The Corporation elected to exclude short-term leases with a term of twelve months or less as well as leases of low value assets, and accounts for the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*, and impairments are recorded in net income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. Subsequent to recognition, the lease liability is measured at amortized cost using the effective interest rate method. A lease liability is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, or if the Corporation changes its assessment of whether it will exercise a renewal or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in net income if the carrying amount of the right-of-use assets has been reduced to zero.

j) Impairment of non-financial assets

Property, plant and equipment, and intangible assets with finite lives are reviewed for impairment on an annual basis if there is an indication that the carrying amount may not be recoverable. Impairment is assessed at the level of cash-generating units, identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of value in use and fair value less costs to sell ("FVLCS").

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

Value in use is the net present value of expected future cash flows of the relevant cash-generating unit in its current condition. The best evidence of FVLCS is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCS is based on the best information available to reflect the amount the Corporation could receive for the cash-generating unit in an arm's length transaction.

This is often estimated using discounted cash flow techniques and where unobservable inputs are material to the measurement of the recoverable amount, the measurement is classified as level 3 in the fair value hierarchy. The cash flow forecasts for FVLCS purposes are based on management's best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, closure, restoration and environmental cleanup. For regulatory deferral account debit balances the impairment review focuses on whether the amount is considered collectible based on the expected cash flows from the rates approved by the YUB.

These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. Changes in these assumptions may alter the results of impairment testing, impairment charges recognized in net income and the resulting carrying amounts of the assets.

k) Rate regulated accounting policies

Regulatory deferral accounts

Regulatory deferral accounts in these consolidated financial statements are accounted for differently than they would be in the absence of rate regulation. The Corporation defers certain costs or revenues as regulatory deferral account debit balances or regulatory deferral account credit balances on the Consolidated Statement of Financial Position and recognizes changes in the regulatory deferral account balances in the net movement in regulatory deferral account balances in the Consolidated Statement of Operations and Other Comprehensive Income. The amounts recognized as regulatory deferral account balances are expected to be recovered or refunded in future rates, based on approvals by the YUB. The recovery or settlement of regulatory deferral account balances through future rates is impacted by demand risk and regulatory risks (e.g. potential future decisions of the YUB which could result in material adjustments to these regulatory deferral account debit balances and regulatory deferral account credit balances as described in Note 1(b)).

i) Regulatory deferral account debit balances

Regulatory deferral account debit balances represent costs which are expected to be recovered from customers in future periods through the rate-setting process. In the absence of rate regulation and the Corporation's adoption of IFRS 14, *Regulatory Deferral Accounts*, such costs would be expensed as incurred.

ii) Regulatory deferral account credit balances

Regulatory deferral account credit balances represent future reductions or limitations of increases in revenues associated with amounts that are expected to be refunded to customers as a result of the rate-setting process. In the absence of rate regulation and the Corporation's adoption of IFRS 14, such amounts would be recorded in income as performance obligations are met.

Note 11 describes the individual regulatory deferral accounts, the Corporation's related regulatory deferral and amortization policies and describes the related account activity in the relevant periods.

l) Provision for asset retirement obligations

The Corporation has legal obligations related to the closure and restoration of property, plant and equipment, which includes the costs of dismantling, demolition of infrastructure and the removal of residual materials and remediation of the disturbed areas.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

3. Significant accounting policies - continued

Where a reliable estimate of the present value of these obligations can be determined, the total retirement costs are recognized as a provision in the accounting period when the obligation arises. There is also a corresponding increase to property, plant and equipment upon recognition of the obligation.

Management estimates its costs based on feasibility and engineering studies and assessments using current restoration standards and techniques.

m) Provision for environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. The Corporation will accrue a provision when it has a present obligation as a result of a past event to remediate the contaminated site, it is expected that future economic benefits will be given up to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

If the likelihood of the Corporation's obligation to incur these costs is either not determinable or the amount of the obligation cannot be reliably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

The Corporation reviews its provision for environmental liabilities on an ongoing basis and any changes are recognized in net income for the current period.

n) Contributions in aid of construction

Certain property, plant and equipment additions are made with financial assistance from the Yukon Government or the Government of Canada. These contributions are deferred upon receipt and amortized to income on the same basis as the assets to which they relate.

o) Post-employment benefits and other comprehensive income

The Corporation sponsors an employee defined benefit pension plan for employees joining the Corporation before January 1, 2002. The Corporation also sponsors an executive defined benefit pension plan and supplemental executive retirement plan for a former executive. Benefits provided are calculated based on length of pensionable service, pensionable salary at retirement age and negotiated rates. The Corporation contributes amounts to the pension plans as recommended by an independent actuary.

For the defined benefit pension plans, the cost of pension benefits is actuarially determined using the projected benefits method, prorated on service, and reflects management's best estimates of investment returns, wage and salary increases, and age at retirement. Remeasurements of the net defined benefit liability, including actuarial gains and losses and return on plan assets, are recognized in other comprehensive income ("OCI") and are not reclassified to net income in a subsequent period.

The Corporation's policy is to immediately transfer actuarial gains and losses recognized in OCI to retained earnings. The expected return on plan assets is based on the fair value of these assets.

Employees joining the Corporation after January 1, 2002 are eligible for a defined contribution retirement plan and are not eligible to participate in the defined benefit pension plan. The Corporation has no legal or constructive obligation to pay further contributions with respect to this plan. Contributions are recognized as an expense in the year when employees have rendered service and represents the obligation of the Corporation.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of judgement in applying accounting policies and in making critical accounting estimates that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of any contingent assets and liabilities. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the consolidated financial statements, and the key areas are summarized below. Areas of significant judgements and estimates made by management in preparing these consolidated financial statements include:

Impairment of non-financial assets - Note 3(j)

An evaluation of whether or not an asset is impaired involves consideration of whether indicators of impairment exist. Management continually monitors the Corporation's operations and makes judgements and assessments about conditions and events in order to conclude whether possible impairment exists.

Asset retirement obligations - Notes 3(l) and 24

In determining the present value of the obligation, the Corporation must estimate the amount and timing of the future cash payments and then apply an appropriate risk-free interest rate. Any change to the anticipated amount, timing of future payments or risk-free interest rate can result in a change to the obligation.

Depreciation - Notes 3(g), 7 and 9

Significant components of property, plant and equipment are depreciated over their estimated useful lives. Useful lives are determined based on current facts and past experience and the results of depreciation studies.

While these useful life estimates are reviewed on a regular basis and depreciation calculations are revised accordingly, actual lives may differ from the estimates. As such, assets may continue in use after being fully depreciated, or may be retired or disposed of before being fully depreciated. The latter could result in additional depreciation expense in the period of disposition.

Intangible assets - Notes 3(h) and 10

In determining whether to recognize costs as intangible assets, management makes judgements about when the criteria for recognition are met. Changes to management's judgements would affect the carrying amount of the Corporation's intangible assets and amortization recognition.

Post-employment benefits - Notes 3(o) and 15

The Corporation accrues for its obligations under defined benefit pension plans using actuarial valuation methods and other assumptions to estimate the projected benefit obligation and the associated expense related to the current period. The key assumptions utilized include the long-term rate of inflation, rates of future compensation, liability discount rates and the expected return on plan assets. The Corporation consults with qualified actuaries when setting the assumptions used to estimate benefit obligations. Actual rates could vary significantly from the assumptions and estimates used.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

4. Significant accounting judgements, estimates and assumptions - continued

Revenue - Note 3(a), and Note 18

The Corporation estimates usage not yet billed at year end, which is included in revenues from sales of power. This accrual is based on an assessment of unbilled electricity supplied to customers between the date of the last meter reading and the year end. Management applies judgement to the measurement of the estimated consumption. Significant judgements have also been made in determining the nature of the Corporation's performance obligations, the appropriate process measure and the contract terms to be used in recognizing the related revenue.

Provisions and contingencies - Notes 3(m) and 24

Management is required to make judgements to assess if the criteria for recognition of provisions and contingencies are met, in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Key judgements are whether a present obligation exists and the probability of an outflow being required to settle that obligation. Key assumptions in measuring recognized provisions include the timing and amount of future payments and the discount rate applied in measuring the provision.

Where the Corporation is defending certain lawsuits management must make judgements, estimates and assumptions about the final outcome, timing of trial activities and future costs as at the period end date. Management will obtain the advice of its external counsel in determining the likely outcome and estimating the expected obligations associated with these lawsuits; however, the ultimate outcome or settlement costs may differ from management's estimates.

Financial instruments - Notes 3(f) and 26

The Corporation enters into financial instrument arrangements which may require management to make judgements to determine if such arrangements are derivative instruments in their entirety or contain embedded derivatives, in accordance with IFRS 9, *Financial Instruments*. Key judgements are whether certain non-financial items are readily convertible to cash, whether similar contracts are routinely settled net in cash or delivery of the underlying commodity taken and then resold within a short period, and whether the value of a contract changes in response to a change in an underlying rate, price, index or other variable.

Regulatory deferral account balances - Notes 1(b), 3(k) and 11

The Corporation accounts for its regulatory deferral accounts in accordance with IFRS 14 and the decisions of the YUB. As discussed in Note 1(b) the recovery of these balances will be determined by the YUB as part of the regulatory proceeding to approve the GRA. Management is required to make judgements as to the amounts that the YUB will approve the Corporation to collect deferred costs through future rates.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

5. Accounts receivable

	2020	2019
Trade accounts receivable		
Wholesale energy sales	\$ 5,287	\$ 5,676
Retail energy sales	4,371	2,414
Due from related parties (Note 22)	15,496	348
Other	4,973	2,014
	\$ 30,127	\$ 10,452

Included in Accounts receivable - Other is an amount of \$3,531,000 (2019 - \$0) related to insurance proceeds as well as an amount of \$0 (2019 - \$939,000) related to a power purchase agreement.

At December 31, 2020, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 22,290	\$ 1,091	\$ 6,756	\$ 30,137
Allowance for doubtful accounts	-	-	(10)	(10)
	\$ 22,290	\$ 1,091	\$ 6,746	\$ 30,127

At December 31, 2019, the aging of accounts receivable is as follows:

	Current	31 - 90 Days	Over 90 Days	Total
Accounts receivable	\$ 8,782	\$ 800	\$ 880	\$ 10,462
Allowance for doubtful accounts	-	-	(10)	(10)
	\$ 8,782	\$ 800	\$ 870	\$ 10,452

A reconciliation of the beginning and ending amount of allowance for doubtful accounts is as follows:

	2020	2019
Allowance for doubtful accounts at beginning of year	\$ (10)	\$ (10)
Amounts written off as uncollectable	-	-
Allowance for doubtful accounts at end of year	\$ (10)	\$ (10)

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

6. Inventories

	2020		2019
Materials and supplies	\$ 3,366	\$	3,396
Diesel fuel	576		520
Liquefied natural gas	153		102
	\$ 4,095	\$	4,018

7. Leases

The Corporation leases industrial land and building space. The lease terms typically run for five years. The right-of-use asset consists of land of \$54,000 (2019 - \$122,000) and building of \$373,000 (2019 - \$517,000).

	2020		2019
Right-of-use asset			
As at January 1	\$ 639	\$	851
Depreciation expense	(212)		(212)
At December 31	\$ 427	\$	639
Lease liabilities			
Lease liabilities	\$ 443	\$	649
Less current portion	206		206
Non-current portion	\$ 237	\$	443
Maturity analysis			
Less than one year	\$ 172	\$	212
One to five years	255		427
More than five years	-		-
Total undiscounted lease liabilities	\$ 427	\$	639
Amounts recognized in net income			
Depreciation expense on right-of-use assets	\$ 212	\$	212
Interest expense on lease liabilities	\$ 20	\$	24
Expense relating to short-term leases	\$ 2,315	\$	1,411

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

8. Direct financing lease

The Corporation's investments in direct financing leases are summarized as follows:

	2020	2019
Direct financing leases	\$ 85	\$ 85
Less: current portion	-	-
	\$ 85	\$ 85

In 2003, the Corporation financed an electric boiler system for the Yukon Hospital Corporation at a cost of \$595,898. The repayment terms on this lease stipulate that one half of the realized energy cost savings resulting from the boiler usage during the year will be repaid against the investment. Interest on this investment is earned at the rate of 7.5% per annum and recognized as interest income.

9. Property, plant and equipment

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Generation	Transmission & Distribution	Land, Buildings & Other Equipment	Transportation	Construction Work-in Progress	Total
Cost:						
At December 31, 2018	\$ 303,132	\$ 172,682	\$ 18,276	\$ 4,887	\$ 3,417	\$ 502,394
Additions	-	-	-	-	29,928	29,928
Transfers	2,634	21,225	1,592	285	(25,736)	-
Disposals	(1,771)	-	-	-	-	(1,771)
At December 31, 2019	303,995	193,907	19,868	5,172	7,609	\$ 530,551
Additions	-	-	-	-	25,591	25,591
Transfers	6,046	1,094	810	528	(8,478)	-
Disposals	(14)	-	(280)	-	-	(294)
At December 31, 2020	\$ 310,027	\$ 195,001	\$ 20,398	\$ 5,700	\$ 24,722	\$ 555,848
Accumulated depreciation:						
At December 31, 2018	\$ 26,571	\$ 24,056	\$ 3,854	\$ 1,311	\$ -	\$ 55,792
Depreciation	6,355	4,694	727	339	-	12,115
Disposals	(434)	-	-	-	-	(434)
At December 31, 2019	32,492	28,750	4,581	1,650	-	\$ 67,473
Depreciation	6,390	4,257	756	360	-	11,763
Disposals	-	-	(280)	-	-	(280)
At December 31, 2020	\$ 38,882	\$ 33,007	\$ 5,057	\$ 2,010	\$ -	\$ 78,956
Net book value:						
At December 31, 2019	\$ 271,503	\$ 165,157	\$ 15,287	\$ 3,522	\$ 7,609	\$ 463,078
At December 31, 2020	\$ 271,145	\$ 161,994	\$ 15,341	\$ 3,690	\$ 24,722	\$ 476,892

The AFUDC capitalized for 2020 was \$850,000 (2019 - \$643,000). The AFUDC rate estimate for 2020 was 2.73% (2019 - 2.57%).

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

10. Intangible assets

A reconciliation of the changes in the carrying amount of intangible assets is as follows:

	Software	Deferred Service Costs	Financial Software	Aishihik Water License	Thermal and Water Licensing	Total
Cost:						
At December 31, 2018	\$ 1,481	\$ 443	\$ 2,406	\$ 7,461	\$ 3,201	\$ 14,992
Additions	235	-	533	1,289	806	2,863
Transfers	(276)	-	276	-	-	-
Disposals	-	-	-	(2,475)	-	(2,475)
At December 31, 2019	1,440	443	3,215	6,275	4,007	15,380
Additions	246	-	2,972	2,269	425	5,912
At December 31, 2020	\$ 1,686	\$ 443	\$ 6,187	\$ 8,544	\$ 4,432	\$ 21,292
Accumulated amortization:						
At December 31, 2018	\$ 460	\$ 320	\$ 1,418	\$ 2,081	\$ 129	\$ 4,408
Amortization	213	64	284	394	30	985
Disposals	-	-	-	(2,475)	-	(2,475)
At December 31, 2019	673	384	1,702	-	159	2,918
Amortization	263	59	284	299	33	938
At December 31, 2020	\$ 936	\$ 443	\$ 1,986	\$ 299	\$ 192	\$ 3,856
Net book value:						
At December 31, 2019	\$ 767	\$ 59	\$ 1,513	\$ 6,275	\$ 3,848	\$ 12,462
At December 31, 2020	\$ 750	\$ -	\$ 4,201	\$ 8,245	\$ 4,240	\$ 17,436

Additions to Financial Software, Aishihik Water Licensing and Thermal and Water Licensing for 2020 and 2019 were almost exclusively internally generated. Additions to other categories were almost exclusively externally purchased.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts

a) Regulatory deferral account debit balances

	Feasibility Studies (i)	IFRS Planning (ii)	Regulatory Costs (iii)	Vegetation Management (iv)	Dam Safety (v)	Uninsured Losses (vi)	Subtotal see next page
Cost:							
At December 31, 2018	\$ 22,877	\$ -	\$ 5,074	\$ 2,216	\$ 148	\$ 1,843	\$ 32,158
Costs incurred	1,383	-	1,657	-	-	62	3,102
Regulatory provision	-	-	(883)	-	-	(267)	(1,150)
Disposals	(553)	-	(768)	-	-	-	(1,321)
Contributions received	-	-	(365)	-	-	-	(365)
At December 31, 2019	23,707	-	4,715	2,216	148	1,638	32,424
Costs incurred	1,064	-	4,643	-	174	4,764	10,645
Regulatory provision	-	-	(199)	-	-	(267)	(466)
Disposals	(1)	-	(1,981)	-	-	-	(1,982)
Contributions received/receivable	-	-	(427)	-	-	(3,531)	(3,958)
At December 31, 2020	\$ 24,770	\$ -	\$ 6,751	\$ 2,216	\$ 322	\$ 2,604	\$ 36,663
Accumulated amortization:							
At December 31, 2018	\$ 5,079	\$ -	\$ 1,001	\$ 444	\$ 60	\$ 424	\$ 7,008
Amortization	1,823	-	465	222	29	212	2,751
Disposals	(36)	-	(243)	-	-	-	(279)
At December 31, 2019	6,866	-	1,223	666	89	636	9,480
Amortization	1,928	-	485	221	29	212	2,875
Disposals	(1)	-	(652)	-	-	-	(653)
At December 31, 2020	\$ 8,793	\$ -	\$ 1,056	\$ 887	\$ 118	\$ 848	\$ 11,702
Net book value:							
At December 31, 2019	\$ 16,841	\$ -	\$ 3,492	\$ 1,550	\$ 59	\$ 1,002	\$ 22,944
At December 31, 2020	\$ 15,977	\$ -	\$ 5,695	\$ 1,329	\$ 204	\$ 1,756	\$ 24,961
Net increase (decrease) in regulatory deferral account debit balances (which are recognized in the net movement in regulatory deferral account balances related to net income on the Consolidated Statement of Operations and Other Comprehensive Income):							
December 31, 2019	\$ (957)	\$ -	\$ (581)	\$ (222)	\$ (29)	\$ (417)	\$ (2,206)
December 31, 2020	\$ (864)	\$ -	\$ 2,203	\$ (221)	\$ 145	\$ 754	\$ 2,017
Remaining recovery years							
At December 31, 2019	1 to 7 years	0 years	1 to 34 years	7 years	2 years	Indeterminate	-
At December 31, 2020	1 to 6 years	0 years	1 to 33 years	6 years	1 year	Indeterminate	-
Absent rate regulation, net income for the year and net movement in regulatory deferral account balances on the Consolidated Statement of Operations and Other Comprehensive Income would increase (decrease) by:							
December 31, 2019	\$ 957	\$ -	\$ 581	\$ 222	\$ 29	\$ 417	\$ 2,206
December 31, 2020	\$ 864	\$ -	\$ (2,203)	\$ 221	\$ (145)	\$ (754)	\$ (2,017)

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

Regulatory deferral account debit balances - continued

	Carry Forward	Deferred Overhauls (vii)	Fuel Price Adjustment (viii)	2017/18 GRA (ix)	Total
Cost:					
At December 31, 2018	\$ 32,158	\$ 2,768	\$ 1,819	\$ 5,310	\$ 42,055
Costs incurred	3,102	-	-	-	3,102
Regulatory provision	(1,150)	-	3,760	10,388	12,998
Disposals	(1,321)	-	(3,940)	(3,378)	(8,639)
Contributions received	(365)	-	-	-	(365)
At December 31, 2019	\$ 32,424	\$ 2,768	\$ 1,639	\$ 12,320	\$ 49,151
Cost incurred	10,645	-	-	-	10,645
Regulatory provision	(466)	-	3,485	-	3,019
Disposals	(1,982)	-	(2,867)	(6,423)	(11,272)
Contributions received	(3,958)	-	-	-	(3,958)
At December 31, 2020	\$ 36,663	\$ 2,768	\$ 2,257	\$ 5,897	\$ 47,585
Accumulated amortization:					
At December 31, 2018	\$ 7,008	\$ 259	\$ -	\$ -	\$ 7,267
Amortization	2,751	424	-	3,378	6,553
Disposals	(279)	-	-	(3,378)	(3,657)
At December 31, 2019	9,480	683	-	-	10,163
Amortization	2,875	587	-	6,423	9,885
Disposals	(653)	-	-	(6,423)	(7,076)
At December 31, 2020	\$ 11,702	\$ 1,270	\$ -	\$ -	\$ 12,972
Net book value:					
At December 31, 2019	\$ 22,944	\$ 2,085	\$ 1,639	\$ 12,320	\$ 38,988
At December 31, 2020	\$ 24,961	\$ 1,498	\$ 2,257	\$ 5,897	\$ 34,613
Net increase (decrease) in regulatory deferral account debit balances (which are recognized in the net movement in regulatory deferral account balances related to net income on the Consolidated Statement of Operations and Other Comprehensive Income):					
December 31, 2019	\$ (2,206)	\$ (424)	\$ (180)	\$ 7,010	\$ 4,200
December 31, 2020	\$ 2,017	\$ (587)	\$ 618	\$ (6,423)	\$ (4,375)
Remaining recovery years					
At December 31, 2019		2 to 7 years	1 year	1 year	
At December 31, 2020		1 to 6 years	1 year	1 year	
Absent rate regulation, net income for the year and net movement in regulatory deferral account balances on the Consolidated Statement of Operations and Other Comprehensive Income would increase (decrease) by:					
December 31, 2019	\$ 2,206	\$ 424	\$ 180	\$ (7,010)	\$ (4,200)
December 31, 2020	\$ (2,017)	\$ 587	\$ (618)	\$ 6,423	\$ 4,375

(i) Feasibility studies and infrastructure planning

The Corporation undertakes certain studies to determine the feasibility of a range of projects and infrastructure proposals. While in progress, the costs of these studies are deferred within this account. The Corporation is directed to defer and amortize the costs over terms (between five and ten years) at the discretion of the YUB. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(ii) IFRS planning

These deferred costs are associated with the conversion from previous GAAP to IFRS and are amortized over a term of five years. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

(iii) Regulatory costs

These costs are associated with the YUB regulatory proceedings. The costs consist primarily of various rate and project review proceedings but also include resource plans, hearing costs from before 2012 and demand side management costs (consumer energy conservation program). The Corporation is directed to defer and amortize the costs over terms at the discretion of the YUB. In February 2021, the Corporation lost an appeal relating to a decision by the YUB denying certain Demand Side Management costs. As a result, the Corporation wrote off costs with a net book value as at December 31, 2020 of \$1,329,000. The regulatory provision for the year reflects an amount transferred of \$199,000 (2019 - \$883,000) to the regulatory deferral account credit balance class Hearing Reserve (See Note 11(b)(ii)). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iv) Vegetation management

Prior to 2017, the Corporation was deferring annual brushing costs in excess of a prescribed maximum annual amount based on a review of prior year brushing costs. In 2017, the Corporation established a vegetation management policy and as a result of expected annual costs, deferral is no longer required.

The Corporation completes a full cycle of all its brushing requirements every 10 years and is amortizing previously deferred costs over a 10 year period. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(v) Dam safety review

The Corporation has a program of conducting safety reviews of its dams in accordance with standards set by the Canadian Dam Association. External consultants are hired every five years with intermittent costs incurred in the interim periods. These costs are being amortized over five years. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(vi) Uninsured losses

Uninsured losses is an account maintained to address uninsured and uninsurable losses as well as the deductible portion of insured losses. The account is maintained through an annual provision and collected through customer rates. There is an annual regulatory provision of \$267,000 and amortization of the 2016 accumulated balance of \$1,059,000 over five years (\$212,000 per year). Costs incurred during 2020 of \$4,764,000 include \$3,631,000 of costs due to repairs required at the WH1 and WH2 penstocks. The Corporation expects to recover a significant portion of these costs in 2021 from insurance proceeds (see Note 19). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred and the expected insurance proceeds recognized as revenue.

(vii) Deferred overhauls

YUB Order 2013-01 restricted inclusion of property, plant and equipment overhaul depreciation expense in rates charged to customers until the Corporation comes before the YUB for a prudence review. As such, starting in 2013 the Corporation deferred depreciation expense related to overhauls. In 2017, the Corporation came before the YUB for a prudence review and began to recognize these deferred depreciation amounts. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(viii) Fuel price adjustment

OIC 1995/90 directs the YUB to permit the Corporation to adjust electricity rates to reflect the fluctuations in the price of diesel fuel. The amount by which actual fuel prices vary from the long-term average prices is deferred and recovered from or refunded to customers in a future period. In 2017 the Corporation updated the long-term average cost to better reflect current market conditions.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

As part of the 2017-18 GRA, the balance as at June 30, 2019 of \$3,940,000 was transferred to the regulatory deferral account debit balance class 2017/18 GRA (See Note 11(a)(ix)). For all of 2019 Rider F was a refund of 0.011 cents per kWh. For the period January 1, 2020 through October 31, 2020 Rider F was a charge to customers of 0.970 cents per kWh. Effective November 1, 2020, the charge increased to 1.371 cents per kWh. In the absence of rate regulation, IFRS requires these costs to be expensed as incurred and revenues be recognized as earned.

(ix) 2017/18 GRA

The Corporation recognizes a regulatory deferral account debit balance when the Corporation has the right, as a result of the actual or expected actions of the rate regulator, to increase rates in future periods in order to recover its allowable costs plus return on rate base, as described in Note 1(b). The amount recognized represents the amount approved by the YUB in November 2019, less amounts received from customers during the year. The ending balance at December 31 comprises the Corporation's remaining revenue shortfall and the amount transferred from the regulatory deferral account debit balance class Fuel Price Adjustment in 2019 (see Note 11(a)(viii)) to be collected from customers in future years.

(x) Deferred gains and losses

Deferred gains and losses represent amounts from disposals of property, plant and equipment that have or will be submitted for approval by the YUB to be deferred. There are no deferred gains or losses during any of the reporting years.

b) Regulatory deferral account credit balances

	Deferred Insurance Proceeds (i)	Hearing Reserve (ii)	Low Water Reserve Fund (iii)	Future Removal and Site Restoration (iv)	Contracts with Customers (v)	Total
Cost:						
At December 31, 2018	\$ 11,122	\$ 1,315	\$ 3,018	\$ 3,964	\$ 4,624	\$ 24,043
Costs incurred	-	-	(4,038)	(1,173)	-	(5,211)
Regulatory provision	-	(633)	-	-	471	(162)
Cash received	-	-	11	-	-	11
Cash refunded	-	-	(1,004)	-	-	(1,004)
At December 31, 2019	11,122	682	(2,013)	2,791	5,095	17,677
Costs incurred	-	(137)	(488)	(52)	-	(677)
Regulatory provision	-	51	-	-	31	82
Cash received	-	-	(11)	-	-	(11)
Cash refunded	-	-	1	-	-	1
At December 31, 2020	\$ 11,122	\$ 596	\$ (2,511)	\$ 2,739	\$ 5,126	\$ 17,072
Accumulated amortization:						
At December 31, 2018	\$ 6,641	\$ 388	\$ -	\$ -	\$ -	\$ 7,029
Amortization	253	195	-	-	-	448
At December 31, 2019	6,894	583	-	-	-	7,477
Amortization	249	195	-	-	-	444
At December 31, 2020	\$ 7,143	\$ 778	\$ -	\$ -	\$ -	\$ 7,921
Net book value:						
At December 31, 2019	\$ 4,228	\$ 99	\$ (2,013)	\$ 2,791	\$ 5,095	\$ 10,200
At December 31, 2020	\$ 3,979	\$ (182)	\$ (2,511)	\$ 2,739	\$ 5,126	\$ 9,151

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

Net (increase) decrease in regulatory deferral account credit balances (which are recognized in the net movement of regulatory deferral account balances related to net income on the Consolidated Statement of Operations and Other Comprehensive Income):

December 31, 2019	\$ 253	\$ 828	\$ 5,031	\$ 1,173	\$ (471)	\$ 6,814
December 31, 2020	\$ 249	\$ 281	\$ 498	\$ 52	\$ (31)	\$ 1,049

Remaining recovery years

At December 31, 2019	17 years	Indeterminate	Indeterminate	Indeterminate	48 years
At December 31, 2020	16 years	Indeterminate	Indeterminate	Indeterminate	47 Years

Absent rate regulation, net income for the year and net movement in regulatory deferral account balances on the Consolidated Statement of Operations and Other Comprehensive Income would increase (decrease) by:

December 31, 2019	\$ (253)	\$ (828)	\$ (5,031)	\$ (1,173)	\$ 471	\$ (6,814)
December 31, 2020	\$ (249)	\$ (281)	\$ (498)	\$ (52)	\$ 31	\$ (1,049)

(i) Deferred insurance proceeds

The deferred insurance proceeds represents a gain on fire insurance proceeds related to a fire at the Whitehorse Rapids Generating Station in 1997 which is being amortized to income at the same rate as depreciation of the related replacement assets. In the absence of rate regulation, IFRS requires the gain to have been fully recognized as income in the year received.

(ii) Hearing reserve

The Corporation has established a deferral account for future regulatory hearing costs. In 2017 the Corporation adjusted the annual provision and recognition of the accumulated balance to more accurately reflect expected hearing costs. The regulatory provision for the year reflects an annual provision of \$250,000 less \$199,000 (2019 - \$883,000) of costs transferred from the regulatory deferral account debit balance class Regulatory Costs (See Note 11(a)(iii)). In the absence of rate regulation, IFRS requires these costs to be expensed as incurred.

(iii) Low Water Reserve Fund

The Low Water Reserve Fund ("LWRF") was established by YUB Order 2018-10. The LWRF is used to protect the Corporation and ratepayers for costs associated with variability in thermal generation required when there is a thermal cost variance due solely to water-related hydro generation variances from YUB approved GRA forecasts. YUB Order 2019-08 amended how the LWRF is calculated.

The LWRF attracts interest based upon short/intermediate term bond rates. Any negative balance attracts interest at the lowest short-term bond rates available to the Corporation through its line of credit. The Corporation is required to file quarterly reports with the YUB on the LWRF's activity.

In accordance with YUB Order 2015-01, the Corporation defers recognition of the additional amounts collected from rate payers when the cost of thermal consumed in the period is less than the long-term average thermal requirements estimated for the actual annual generation load. These deferred amounts are recognized as revenue in the period when the cost of thermal incurred for the period is greater than the long-term average thermal requirements and the reason for the shortfall is a shortage of water in the hydro system. The YUB has set a cap rate of +/- \$8 million for the LWRF. If the balance falls outside of this range, the Corporation is to make an application to the YUB requesting recovery or a refund to customers. In accordance with YUB Order 2015-06, the Corporation is providing a refund to the customers of 0.68 cents/kWh effective September 1, 2015. YUB Order 2019-02 set the refund rider to 0.00 cents/kWh effective April 1, 2019.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

11. Regulatory accounts - continued

In the absence of rate regulation, IFRS requires any amounts earned or incurred related to the LWRF to be included in the Corporation's net income in the year incurred.

(iv) Future removal and site restoration costs

The Corporation maintains a regulatory provision for future removal and site restoration costs related to property, plant and equipment, which is incremental to that required to be recognized as an asset retirement provision under IAS 37. The reserve has been established through amortization rates based upon depreciation studies conducted periodically by the Corporation. As a result of the YUB Order 2005-12, effective January 1, 2005, the provision is not to exceed the cumulative value of the provision at December 31, 2004 of \$5,757,000.

Costs of dismantling capital assets, including site remediation, will be applied to this regulatory deferral account credit balance if they do not otherwise relate to an asset retirement provision. The period over which the provision will be reduced is dependent on the timing of future costs of demolishing, dismantling, tearing down, site restoration or otherwise disposing of the asset net of actual recoveries, and is therefore indeterminate. In the absence of rate regulation, IFRS requires these costs to be expensed or included in the gain or loss on disposal of the related property, plant and equipment, as applicable.

(v) Contracts with customers

Effective January 1, 2018 the Corporation adopted IFRS 15, *Revenue from Contracts with Customers*. As a result of the impacts of IFRS 15, certain revenues are recognized in net income over a shorter period than allowed by the YUB for rate-setting purposes. The timing difference is reflected as a regulatory deferral account credit balance.

(c) Regulatory account expenses

Regulatory account expenses represent costs incurred related to regulatory account debit balances of \$10,645,000 (2019 - \$3,102,000) and regulatory account credit balances of \$677,000 (2019 - \$5,211,000).

(d) Net movement in regulatory deferral account balances related to net income

Net movement in regulatory deferral account balances related to net income is \$(3,326,000) (2019 - \$11,014,000) and represents the adjustment to net income for the year before net movement in regulatory deferral account balances for the effects of rate regulation in accordance with IFRS 14. The net movement figure is comprised of a decrease of \$4,375,000 for regulatory account debit balances and a decrease of \$1,049,000 for regulatory account credit balances for rate regulation compared to the amounts that would be recorded under IFRS absent rate regulation. The net movement figure of \$11,014,000 for 2019 is comprised of an increase of \$4,200,000 for regulatory account debit balances and a decrease of \$6,814,000 for regulatory account credit balances for rate regulation compared to the amounts that would be recorded under IFRS absent rate regulation.

12. Bank indebtedness

The line of credit accrues interest on withdrawals at prime rate minus 0.75% per annum. Refer to the interest rate risk section within Note 26.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

13. Accounts payable and accrued liabilities

	2020		2019
Trade payables	\$ 15,940	\$	9,923
Employee compensation	1,427		794
Due to related parties (Note 22)	660		512
Other	143		100
	\$ 18,170	\$	11,329

14. Long-term debt

The Corporation's long-term debt is summarized as follows:

	2020		2019
Bond			
The Corporation issued a bond at a fixed interest rate of 5.00% per annum. Interest is payable semi-annually. Principal payment is due when the bond expires on June 29, 2040 (i).	\$ 98,521	\$	98,477
The Toronto Dominion Bank			
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.06% (2019 - 2.69%) per annum. Payable in monthly installments of \$47,918 (2019 - \$50,407) interest and principal with the balance due on September 28, 2035 (2019 - December 28, 2022) (ii).	8,240		8,623
The Toronto Dominion Bank			
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 3.40% (2019 - 3.67%) per annum. Payable in monthly installments of \$117,095 (2019 - \$120,246) interest and principal with the balance due on August 23, 2043 (2019 - August 23, 2038) (iii).	22,189		22,811
The Toronto Dominion Bank			
The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.64% (2019 - 2.90%) per annum. Payable in monthly installments of \$30,868 (2019 - \$31,726) interest and principal with the balance due on July 14, 2044 (2019 - July 14, 2039) (iv).	6,497		6,688

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

The Toronto Dominion Bank

The Corporation entered into an interest rate swap to convert the interest rate on the Bankers' Acceptances amounts from a variable interest rate based on the Bankers' Acceptances rates to a fixed rate of 2.06% per annum. Payable in monthly instalments of \$20,478 interest and principal with the balance due on November 4, 2045 (v).

4,789

-

Yukon Government

The Corporation entered into a refinance agreement for construction financing. Annual principal payments of \$1,000,000 are due on March 31. The interest rate is adjusted annually on April 1 to be the one-year Canadian Dollar Offered Rate plus Yukon Government's borrowing premium with the balance due on March 31, 2023.

37,200

38,200

Tr'ondek Hwech'in First Nation loan

The loan from the First Nation is related to the construction of the Mayo Dawson Transmission Line and is repayable in equal annual principal repayments of \$125,000 with the final payment due in 2049. The interest rate at 5.34% (2019 - 6.43%) is a blended rate based on the cost of debt and the actual rate of return earned by the Utility.

3,625

3,750

Na-Cho Nyak Dun First Nation loan

The loan from the First Nation is related to the construction of the Mayo B project and is repayable in equal annual principal repayments of \$43,264 with the final payment due in 2094. The interest rate of 3.52% (2019 - 6.25%) is based on the actual rate of return earned by the Utility.

3,201

3,245

Chu Niikwan Limited Partnership loan

The loan from the First Nation is related to the construction of the Liquid Natural Gas generation equipment and is repayable in equal annual principal repayments of \$839,376 with the final payment due in 2040. The interest rate of 3.03% (2019 - 4.05%) is based on a blended rate based on the cost of debt and the actual rate of return earned by the Utility.

20,386

21,406

Carmacks Stewart First Nation liability

Long-term liability payable to several First Nations related to the construction of the Carmacks Stewart Transmission Line. These are non interest bearing, repayable in varying installments, due in 2028.

141

151

Total

204,789

203,351

Less: current portion

3,608

3,382

\$ 201,181

\$ 199,969

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

(i) **Bond**

The Corporation issued a bond in 2010 for the face value of \$100 million. The interest rate is 5% and the bond matures June 29, 2040. There are no principal payments due until the bond matures and interest is payable semi-annually. The bond was issued at a discount of \$0.7 million which is being amortized over the period of the related debt using the effective interest rate. Transaction costs were \$1.2 million and includes fees paid to agents and advisors and are presented as a reduction from the carrying value of the related debt and are amortized over the period of the related debt using the effective interest rate.

(ii) **Toronto Dominion Bank Loan and Interest Rate Swap**

On December 28, 2012, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 2.69% to 2.06% and the termination date from December 28, 2022 to September 28, 2035.

(iii) **Toronto Dominion Bank Loan and Interest Rate Swap**

On August 23, 2018, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 3.67% to 3.40% and the termination date from August 23, 2038 to August 23, 2043.

(iv) **Toronto Dominion Bank Loan and Interest Rate Swap**

On July 15, 2019, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. On September 11, 2020, the loan and interest rate swap was amended. The amendment changed the interest rate from 2.90% to 2.64% and the termination date from July 14, 2039 to July 14, 2044.

(v) **Toronto Dominion Bank Loan and Interest Rate Swap**

On November 4, 2020, the Corporation entered into a loan and interest rate swap with Toronto Dominion Bank to arrange financing for the purpose of continuing to develop the electrical infrastructure in the Yukon. The interest rate swap matures November 4, 2045.

Long-term debt repayment

Scheduled repayments for all long-term debt are as follows:

2021	\$	3,608
2022		3,654
2023		3,695
2024		3,737
2025		3,781
Thereafter		186,314

\$ 204,789

The change in long-term debt arising from financing activities during the year related to principal repayment of \$3,362,000 and the issuance of additional debt in the amount of \$4,800,000.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

14. Long-term debt - continued

Fair value

The fair value of long-term debt at December 31, 2020 is \$257 million (December 31, 2019 - \$231 million). The fair value for all long-term debt including current portions was estimated using discounted cash flows based on an estimate of the Corporation's current borrowing rate for similar borrowing arrangements.

15. Post-employment benefits

Characteristics of benefit plans

The Corporation sponsors an employee defined benefit pension plan for employees joining the Corporation before January 1, 2002. The Corporation also sponsors an executive defined benefit pension plan and supplemental executive retirement plan for a former executive. Benefits provided are calculated based on length of pensionable service, pensionable salary at retirement age and negotiated rates.

Employees joining the Corporation after January 1, 2002 are not eligible to participate in the employee defined benefit pension plan.

The Corporation makes contributions to a Registered Retirement Savings Plan ("RRSP") on behalf of these employees and employees hired before January 1, 2002 who belonged to the employee defined benefit pension plan and elected to opt out of that plan. The RRSP is a defined contribution retirement plan. The costs recognized for the period are equal to the Corporation's contribution to the plan. During 2020, these were \$510,000 (2019 - \$418,000).

The defined benefit pension plan for employees is regulated by the Office of the Superintendent of Financial Institutions ("OSFI") through the *Pension Benefits Standards Act* and regulations. This Act and accompanying regulations impose, among other things, minimum funding requirements. The executive defined benefit pension plan and supplemental executive retirement plan are not registered with OSFI and are not subject to minimum funding requirements of the Act.

These minimum funding requirements require the Corporation to make special payments as prescribed by the OSFI to repay any unfunded liability or deficit that may exist. For the employee defined benefit pension plan the Corporation is currently required to pay \$259,300 for 2021. This amount may change in future years and may be summarized as follows:

<u>Start Date</u>	<u>Minimum Annual Payment</u>	<u>End Date</u>
January 1, 2013	\$38,000	December 31, 2027
January 1, 2014	\$49,300	December 31, 2028
January 1, 2018	\$61,000	December 31, 2032
January 1, 2019	\$36,000	December 31, 2033
January 1, 2020	\$75,000	December 31, 2034

A committee of the Utility's Board of Directors oversees these plans and is responsible for the investment policy with regard to the assets of these funds.

Risks associated with defined benefit plans

The defined benefit pension plans expose the Corporation to risk such as investment risk and actuarial risk. Investment risk is the risk that the assets invested will be insufficient to meet expected benefits. Actuarial risk is the risk that benefits paid will be more than expected. There are no particular unusual, entity-specific or plan specific risks or any significant concentration of risk.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Net defined benefit liability

	2020	2019
Present value of benefit obligations		
Balance, beginning of year	\$ 28,075	\$ 23,499
Employee contributions	45	51
Current service cost	409	313
Interest cost	872	915
Benefits paid	(772)	(758)
Actuarial losses (gains) on experience	(96)	853
Actuarial losses on demographic assumptions	-	-
Actuarial losses (gains) on financial assumptions	2,785	3,202
Balance, end of year	\$ 31,318	\$ 28,075

	2020	2019
Fair value of plan assets		
Balance, beginning of year	20,386	17,731
Interest income on plan assets	628	687
Gains (losses) on plan assets	1,475	2,196
Employee contributions	45	51
Employer contributions	551	544
Benefits paid	(772)	(758)
Administrative costs	(66)	(65)
Balance, end of year	22,247	20,386
Net defined benefit liability	\$ 9,071	\$ 7,689

Components of benefit plan cost

Current service cost	\$ 409	\$ 313
Interest cost	872	915
Interest income on plan assets	(628)	(687)
Administrative costs	66	65
Defined benefit expense in Consolidated Statement of Operations	719	606
Defined contribution expense	510	418
Total benefit expense in Consolidated Statement of Operations	\$ 1,229	\$ 1,024
Actuarial losses (gains) on obligation	2,689	4,055
(Gains) losses on plan assets	(1,475)	(2,196)
Total remeasurement included in Other Comprehensive Income	1,214	1,859
Total benefit cost recognized in the Consolidated Statement of Operations and Other Comprehensive Income	\$ 2,443	\$ 2,883

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Distribution of plan assets of defined benefit pension plans:

The fair values of the defined benefit pension plans' assets are based on market values as reported by the plans' custodians as at each applicable Consolidated Statement of Financial Position date.

The distribution of assets by major asset class is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Equities	51.9%	50.9%
Fixed income securities	39.0%	39.1%
Real estate	9.1%	10.0%

Significant assumptions:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate - accrued benefit obligation	2.50%	3.10%
Assumed rate of salary escalation	2.80%	2.80%
Pension growth	2.00%	2.00%

Sensitivity Analysis:

The sensitivities of key assumptions used in measuring accrued benefit obligations at each Consolidated Statement of Financial Position date have been calculated independently of changes in other key assumptions. Actual experience may result in changes in a number of assumptions simultaneously. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period. The mortality assumptions are based on the 2014 Canadian Pensioner Mortality Private Table projected with full generational mortality improvements using scale MI-2017.

Assumptions and sensitivity to the recognized post-employment benefits liability balance at December 31, 2020

Assumption	+1%	-1%	+1%	-1%
Discount rate	-14%	18%	\$(4,428)	\$5,622
Salary growth	1%	-1%	231	(220)
Pension growth	16%	-13%	4,878	(3,449)
Life expectancy (1 year movement)	3%	-3%	940	(944)

Assumptions and sensitivity to the recognized post-employment benefits liability balance at December 31, 2019

Assumption	+1%	-1%	+1%	-1%
Discount rate	-14%	18%	\$(3,918)	\$4,966
Salary growth	1%	-1%	278	(265)
Pension growth	16%	-13%	4,200	(3,442)
Life expectancy (1 year movement)	3%	-3%	770	(777)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

15. Post-employment benefits - continued

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same that is applied in calculating the defined benefit obligation liability recognized in the Consolidated Statement of Financial Position.

The Corporation pays the balance of the cost of the employee benefit plan over the employee contributions, as determined by the actuary. Members are required to contribute 3.5% of earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 5% of earnings above the YMPE. Permanent part-time members will have required contributions as above multiplied by their permanent part-time service ratio. Employees can make additional contributions to purchase ancillary benefits. Members choose the ancillary benefit on termination of service or on retirement.

The average duration of the benefit obligation is 16.3 years (2019 - 16.0 years). The Corporation expects to make payments of \$766,800 (2019 - \$718,600) to the defined benefit pension plans during the next financial year.

16. Contributions in aid of construction

	Government of Canada	Yukon Government since 1998	Pre - 1998 contributions	Total
Cost:				
At December 31, 2018	\$ 71,000	\$ 16,468	\$ 1,739	\$ 89,207
Additions	300	228	-	528
At December 31, 2019	71,300	16,696	1,739	89,735
Additions	12,395	-	-	12,395
At December 31, 2020	\$ 83,695	\$ 16,696	\$ 1,739	\$ 102,130
Accumulated amortization:				
At December 31, 2018	\$ 7,011	\$ 2,982	\$ 1,423	\$ 11,416
Additions	991	333	43	1,367
At December 31, 2019	8,002	3,315	1,466	12,783
Additions	991	334	43	1,368
At December 31, 2020	\$ 8,993	\$ 3,649	\$ 1,509	\$ 14,151
Net book value:				
At December 31, 2019	\$ 63,298	\$ 13,381	\$ 273	\$ 76,952
At December 31, 2020	\$ 74,702	\$ 13,047	\$ 230	\$ 87,979

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

17. Deferred revenue

	Customer Contributions	Decommissioning Fund	Total
At January 1, 2019	\$ 9,181	\$ 2,713	\$ 11,894
Additions	11,055	56	11,111
Revenue recognized in Sales of Power (Note 18)	(2,350)	-	(2,350)
At December 31, 2019	\$ 17,886	\$ 2,769	\$ 20,655
Additions	1,071	30	1,101
Revenue recognized in Sales of Power	(1,612)	-	(1,612)
At December 31, 2020	\$ 17,345	\$ 2,799	\$ 20,144

Customer contributions represent monies paid or assets contributed by customers for connection to the grid. The contributions are recognized into revenue when the performance obligation is satisfied. During the year, there were no assets contributed by customers. During 2019, there were assets contributed by customers of \$10,345,000 as part of a power purchase agreement.

The decommissioning fund represents monies paid in advance by an industrial customer to decommission the spur line that connects its operation to the Corporation's grid. Under a power purchase agreement, the customer has the financial responsibility for decommissioning activities to be performed by the Corporation on its behalf. Any amounts not required for decommissioning will be refunded to the customer. This money accrues interest at the rate equal to the three month Canadian Dealer Offered Rate ("CDOR"). This amount will be recognized to revenue when uncertainty associated with its recognition is satisfied.

18. Sales of power

	2020	2019
Wholesale	\$ 44,721	\$ 34,520
Industrial	13,832	6,958
General service	8,165	6,065
Residential	3,767	2,557
Sentinel and street lights	132	106
Secondary sales	8	-
	\$ 70,625	\$ 50,206

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

19. Other revenue

During penstock inspections, deformation was noticed in WH1 and WH2 penstocks and major repairs were required before the units could be put back into service. The repairs of WH1 were completed in 2020 but the repairs of WH2 continued in 2021. The Corporation incurred \$3,631,000 of costs in 2020 due to repairs required at the penstocks (see Note 11(a)(vi)). The Corporation has accrued a receivable included in Other revenue for \$3,531,000, equal to the costs incurred less the deductible.

20. Operations and maintenance expenses

	2020	2019
Fuel	\$ 15,217	\$ 10,331
Regulatory account expenses (Note 11 (c))	11,322	8,313
Wages and benefits	6,508	6,030
Contractors	3,943	2,563
Rent	2,138	1,547
Materials and consumables	1,847	2,161
Travel	314	369
Communication	79	74
Loss on asset disposal	-	1,337
	\$ 41,368	\$ 32,725

21. Administration expenses

	2020	2019
Wages and benefits	\$ 6,315	\$ 6,232
Insurance and taxes	2,192	1,895
External labour	1,842	1,456
Materials, consumables and general	1,753	1,891
Licences and fees	722	674
Board fees	141	110
Travel	111	224
	\$ 13,076	\$ 12,482

22. Related party transactions

The Corporation is related in terms of common ownership to all Yukon Government departments, agencies and Territorial Corporations. Transactions are entered into in the normal course of operations with these entities. All sales of power transactions are recorded at the rates approved by the YUB.

The finance lease with the Yukon Hospital Corporation is disclosed in Note 8.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

22. Related party transactions - continued

The following table summarizes the Corporation's related party transactions with the Yukon Government for the year:

	2020	2019
Revenues		
Contributions for Interim Electrical Rebate program	\$ 3,418	\$ 3,454
Contributions for bond interest expense	2,625	2,625
Contributions for Innovative Energy Renewable Initiatives	1,296	1,376

At the end of the year, the amounts receivable from and due to the Yukon Government are as follows:

	2020	2019
Balances		
Long-term debt	\$ 37,200	\$ 38,200
Accounts receivable	\$ 15,496	\$ 348
Accounts payable	\$ 660	\$ 512

Included in accounts receivable is an amount of \$12,695,000 for capital projects funded by YG and the federal government (2019 - \$0) as well as an amount of \$2,443,000 related to the Interim Electrical Rebate (2019 - \$0). These balances are non-interest bearing and payable on demand except for long-term debt.

Transactions with Key Management Personnel

The Corporation's key management personnel comprise of members of senior management and the Board of Directors, a total of 26 individuals (2019 - 27 individuals). Key management personnel compensation is as follows:

Year ended December 31,	2020	2019
Short-term employee benefits	\$ 1,795	\$ 1,539
Post-employment benefits	198	161
	\$ 1,993	\$ 1,700

23. Commitments

Aishihik water licence

The Yukon Water Board issued a water use licence in 2002, valid until December 31, 2019, for the Corporation's Aishihik Lake facility. In addition to maintaining a minimum and maximum water level, this licence commits the Corporation to meet a number of future requirements including annual fish monitoring programs.

Due to outstanding issues with affected stakeholders, the Corporation was unable to secure a long term renewal of the licence prior to expiry. During 2019, a two month extension was granted and then, in order to ensure continued generation from this plant, the Corporation made application for a short term (three year) renewal to the existing licence. This application was approved and a renewed licence was granted by the YWB effective March 1, 2020. This short term licence includes additional monitoring and potential operational adjustments, the cost of which will be charged to the fiscal year in which they occur.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

23. Commitments - continued

The Corporation continues to work with affected parties with the objective of a longer term licence agreement prior to the expiry of the extension. Fish monitoring programs are also required under an authorization provided by the federal government Department of Fisheries and Oceans, which is valid until December 31, 2022.

Contractual obligations

The Corporation has entered into contracts to purchase products or services for which the liability has not been incurred as at December 31, 2020 as the product or service had not been provided. The total commitments at year end are \$30,930,000 (December 31, 2019 - \$8,892,000).

24. Contingencies

Aishihik Third Turbine Project

This project was commissioned into service in December 2011. On March 2, 2012, the general contractor filed a claim with the Supreme Court of Yukon for \$4,000,000 plus interest and costs alleging the Utility has not paid for work performed. During 2017, the Yukon Supreme Court issued an award in favor of the contractor. The Utility successfully appealed the award in 2018. A re-trial was held in April 2020; the decision of the judge was received on February 1, 2021. The trial resulted in a net award in favour of the Utility in the amount of \$443,000. The Utility's claims for cost and interest are still to be adjudicated.

Asset retirement obligations

The Corporation has not recognized a provision for the closure and restoration obligations for certain generation, transmission and distribution assets which the Corporation anticipates maintaining and operating for an indefinite period, making the date of retirements of these assets indeterminate. These significant uncertainties around the timing of any potential future cash outflows are such that a reliable estimate of the liability is not possible at this time. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

25. Provision for environmental liabilities

The Corporation's activities are subject to various federal and territorial laws and regulations governing the protection of the environment or to minimize any adverse impact thereon. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations.

The Corporation has conducted environmental site assessments at all its diesel plant sites. No new environmental contamination was found. As at December 31, 2020 no new provisions for environmental liabilities, for which a legal obligation exists to remediate, have been identified by the Corporation. The Corporation has its Environmental Management System to monitor and assess previous and potential existing environmental liabilities on an ongoing basis. The Corporation does not have a provision for environmental liabilities as there is no present obligation to remediate.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

26. Risk management and financial instruments

At December 31, 2020, the Corporation's financial instruments included cash, accounts receivable, finance lease receivables, accounts payable and accrued liabilities, long-term debt and interest rate swaps. The fair values of cash, accounts receivable, finance lease receivables, and accounts payable and accrued liabilities approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

Interest rate swaps are financial contracts that derive their value from changes in an underlying variable. The fair value of the interest rate swaps is estimated using standard market valuation techniques and is provided to the Corporation by the financial institution that is the counterparty to the transactions.

Interest rate risk

Interest rate risk is the risk that future cash flows or fair value of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's future cash flows are not exposed to significant interest rate risk due to its long-term debt having fixed interest rates, with the exception of the Bankers' Acceptances from the Toronto Dominion Bank. The Bankers' Acceptances have had the variable rate converted to a fixed rate using an interest rate swap to eliminate the interest rate risk.

As at December 31, 2020, the Corporation had four (2019 - three) interest rate swap agreements in place. The three agreements from 2019 were amended on September 11, 2020 (see Note 14). The first agreement has a notional principal amount of \$8.2 million (2019 - \$8.6 million) and the agreement effectively changes the Corporation's interest rate exposure on this notional amount from a floating rate to a fixed rate of 2.06% (2019 - 2.69%). The second agreement has a notional principal amount of \$22.2 million (2019 - \$22.8 million) and the agreement effectively changes the Corporation's interest rate exposure on this notional amount from a floating rate to a fixed rate of 3.40% (2019 - 3.67%). The third agreement has a notional principal amount of \$6.5 million (2019 - \$6.7 million) and the agreement effectively changes the Corporation's interest rate exposure on this notional amount from a floating rate to a fixed rate of 2.64% (2019 - 2.90%). The fourth agreement has a notional principal amount of \$4.8 million (2019 - \$0) and the agreement effectively changes the Corporation's interest rate exposure on this notional amount from a floating rate to a fixed rate of 2.06% (2019 - 0%).

The fair value of the interest rate swap agreements on December 31, 2020 was a liability of \$5,050,000 (2019 - liability of \$1,930,000). The decrease in the fair value in 2020 of \$3,120,000 (2019 - \$888,000) is recognized on the Consolidated Statement of Operations and Other Comprehensive Income as an unrealized loss. A 100 basis point increase/decrease in the interest rate assumption would have resulted in an increase/decrease in the interest rate swap agreements fair value of \$4,710,000 (2019 - \$3,534,000).

The Corporation has access to \$17.5 million in lines of credit. Effective June 6, 2019, the line of credit was increased temporarily to \$34.0 million. Effective May 31, 2020, the line of credit was increased temporarily to \$43.5 million. Effective April 22, 2021, the line of credit was increased temporarily to \$50.5 million. The temporary increase expires June 30, 2022. The account accrues interest on withdrawals at prime rate minus 0.75% (2019 - 0.75%) per annum. By agreement the financial institution has a legally enforceable right to set off the outstanding balance under the lines of credit by cash balances in other accounts with the same bank. The amount outstanding on the line of credit balance at year end was \$34.7 million (2019 - \$22.5 million). The Corporation has cash balances with the same financial institution with legal right of offset of \$3.1 million (2019 - \$2.9 million). Due to the short-term nature of the amount drawn on the lines of credit and the Corporation's cash balances with the same financial institution the interest rate risk is minimal.

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

26. Risk management and financial instruments - continued

Credit risk

Credit risk is the risk of failure of a debtor or counterparty to honour its contractual obligations resulting in financial loss to the Corporation.

The following table illustrates the maximum credit exposure to the Corporation if all counterparties defaulted:

	2020	2019
Cash	\$ 5,964	\$ 9,085
Accounts receivable	30,127	10,452
Finance lease receivables	85	85
	\$ 36,176	\$ 19,622

Credit risk on cash is considered minimal as the Corporation's cash deposits are held by a Canadian Schedule 1 Chartered bank.

Credit risk on accounts receivable is considered minimal as the Corporation has experienced insignificant bad debt in prior years. In addition, its primary customer is a rate regulated utility that purchases power from the Corporation for resale and as such these receivables are considered fully collectible. Included in the accounts receivable past due but not impaired at December 31, 2020 are \$7,837,000 (2019 - \$1,680,000) which management believes will be received in full.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through regular monitoring of cash and currency requirements by preparing cash flow forecasts to identify financing requirements. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation. Rate regulation assists the Corporation with liquidity management by providing consistent revenues and a consistent debt to equity ratio.

Fair values

The following table illustrates the fair value hierarchy of the Corporation's financial instruments as at December 31, 2020:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related liability	-	\$5,050	-	\$5,050
Long-term debt	-	-	\$256,657	\$256,657

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

26. Risk management and financial instruments - continued

The following table illustrates the fair value hierarchy of the Corporation's financial instruments as at December 31, 2019:

	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Total
Derivative related liability	-	\$1,930	-	\$1,930
Long-term debt	-	-	\$230,876	\$230,876

27. Capital management

The Utility's capital is its shareholder's equity which is comprised of share capital, contributed surplus and retained earnings. The Utility manages its equity by managing revenues, expenses, assets and liabilities to ensure the Utility effectively achieves its objectives while remaining a going concern.

The Utility maintains a balance in retained earnings as an indicator of the Utility's equity position. The Utility has a policy which defines its capital structure at a ratio of 60% debt and 40% equity. This policy has been reviewed and accepted by the YUB.

The Utility monitors its capital on the basis of the ratio of total debt to total capitalization. Debt is calculated as total borrowings, which is comprised of long-term debt, including the portion of long-term debt due within one year, as well as the decommissioning fund (Note 17). Short-term debt related to assets under construction at the Statement of Financial Position date is excluded from the calculation of total debt, as the assets are similarly excluded from the determination of rate base.

Total capitalization is calculated as total debt plus total shareholder's equity as shown on the Utility's Statement of Financial Position.

The table below summarizes the Utility's total debt to total capitalization position:

	2020	2019
Long-term debt due within one year	\$ 6,280	\$ 6,054
Long-term debt	166,056	163,602
Total debt	172,336	169,656
Add decommissioning fund (note 17)	2,799	2,769
Total debt to include in the calculation	\$ 175,135	\$ 172,425

Yukon Development Corporation

Notes to Consolidated Financial Statements

December 31, 2020 (tabular amounts in thousands of Canadian dollars)

27. Capital management - continued

	2020	2019
Share capital	\$ 39,000	\$ 39,000
Contributed surplus	15,968	14,600
Retained earnings	64,249	65,596
Total shareholder's equity	119,217	119,196
Total capitalization	\$ 294,352	\$ 291,621
Total debt to total capitalization	59 %	59 %

There were no changes in the Utility's approach to capital management during the period.

28. Subsequent events

In February 2021, the Yukon Government issued OIC 2021-16 '2021 Direction to Amend the Rate Policy Directive (1995)' which will impact the Low Water Reserve Fund (see Note 11(b)(iii)). The directive applies to filings on or after November 1, 2020 and for which no order was issued by the YUB. The directive removes the generation load cap the YUB instituted as part of the 2017-18 GRA. As part of the requirements of the 2021 General Rate Application, the Corporation has filed its 2019 and 2020 Low Water Reserve Fund Annual filings with the YUB in April 2021. The Corporation will adjust the LWRF prospectively based on results of this filing.

29. Non-consolidated financial information

The nature and size of operations of the non-consolidated Yukon Development Corporation and its wholly-owned subsidiary, Yukon Energy Corporation differ substantially. Unaudited non-consolidated financial statements of the Yukon Development Corporation and audited financial statements of Yukon Energy Corporation for the year ended December 31, 2020 are also prepared.

YUKON HOSPITAL CORPORATION
FINANCIAL STATEMENTS
March 31, 2021
(audited)

**Yukon Hospital Corporation
Consolidated Financial Statements
March 31, 2021**

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Yukon Hospital Corporation

Management Responsibility Statement

The accompanying consolidated financial statements of the Yukon Hospital Corporation are the responsibility of management and have been approved by the Executive Committee of the Board of Trustees.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements include some amounts, such as the determination of amounts related to the estimated useful lives of capital assets, the defined benefit pension plan obligation, the calculation of allowance for doubtful accounts and the liabilities for accrued severance, retirement and sick leave benefits, that are necessarily based on management's best estimates and judgement. Management has determined such amounts on a reasonable basis.

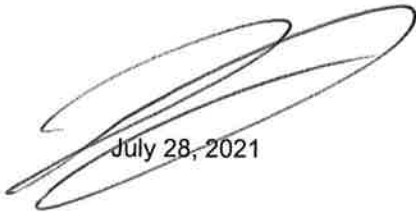
Management maintains a system of internal accounting and administrative controls designed to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Trustees of the Corporation is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board exercises this responsibility for financial reporting through the delegation of the approval of the consolidated financial statements by the Executive Committee consisting of three non-management members. The Executive Committee meets regularly with management and with the external auditors to review the scope, results of the annual audit, and to review and approve the consolidated financial statements and related financial reporting matters.

These consolidated financial statements have been independently audited in accordance with Canadian generally accepted auditing standards by the Auditor General of Canada, and her report is included with these consolidated financial statements.

Jason Bilsky
Chief Executive Officer

Kelly Steele
Chief Financial Officer



July 28, 2021



July 28, 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the Yukon Hospital Corporation

Opinion

We have audited the consolidated financial statements of the Yukon Hospital Corporation and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of operations, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

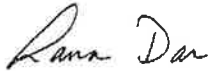
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
28 July 2021

Yukon Hospital Corporation

Consolidated Statement of Financial Position

As at March 31
(in thousands of dollars)

	2021 \$	2020 \$
ASSETS		
Current assets		
Cash (note 4)	2,130	3,316
Accounts receivable (note 18)	9,208	7,176
Inventory (note 3)	3,473	2,538
Prepaid expenses	788	623
Short-term contributions receivable (note 7)	3,663	3,539
	<u>19,262</u>	<u>17,192</u>
Non-current assets		
Accrued pension benefit (note 5)	51,339	53,149
Capital assets (note 6)	162,858	162,982
Long-term contributions receivable (note 7)	22,608	26,271
	<u>236,805</u>	<u>242,402</u>
	<u>256,067</u>	<u>259,594</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	9,311	10,352
Accrued payroll and benefits	6,864	6,223
Short-term debt (note 8)	29,334	32,873
Deferred revenue (note 9)	469	377
	<u>45,978</u>	<u>49,825</u>
Non-current liabilities		
Long-term debt (note 10)	85	85
Employee future benefits other than pensions (note 11)	2,945	2,502
Deferred capital contributions (note 12)	159,724	155,890
Asset retirement obligation	285	285
	<u>163,039</u>	<u>158,762</u>
	<u>209,017</u>	<u>208,587</u>
NET ASSETS		
Investment in capital assets (note 13)	3,317	7,585
Restricted for First Nations Health Program, external (note 14)	419	419
Restricted for capital purchases, internal	410	48
Restricted for pension, internal	51,339	53,149
Unrestricted	(8,435)	(10,194)
	<u>47,050</u>	<u>51,007</u>
	<u>256,067</u>	<u>259,594</u>
Contractual obligations (note 1)		

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board,


Chairman

Director 
Myra Jiles

Yukon Hospital Corporation

Consolidated Statement of Operations

For the year ended March 31

(in thousands of dollars)

	2021	2020
	\$	\$
Revenues		
Government of Yukon contribution (note 16)	84,815	76,080
Amortization of deferred capital contributions (note 12)	7,180	7,073
Patients	3,196	5,312
Other government contracts (note 16)	2,396	2,216
Fundraising	1,135	704
Other	722	626
Cafeteria	180	335
Interest	49	236
	<u>99,673</u>	<u>92,582</u>
Expenses		
Compensation and benefits	54,448	49,205
Supplies	15,953	14,945
Amortization of capital assets (note 6)	9,203	7,906
Contracted services	7,479	7,184
Other (note 15)	6,203	6,092
Pension benefits cost (note 5)	5,359	1,299
Equipment and building services	3,160	2,888
Interest on short-term debt	1,496	1,588
Fundraising	329	290
Loss on disposal of capital assets	-	9
	<u>103,630</u>	<u>91,406</u>
(Deficiency) surplus of revenues over expenses	<u><u>(3,957)</u></u>	<u><u>1,176</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Yukon Hospital Corporation
Consolidated Statement of Changes in Net Assets
For the year ended March 31
(in thousands of dollars)

	Investment in Capital Assets (note 13)	Restricted for First Nations Health Program (note 14)	Restricted for Capital Purchases Internal (note 19)	Restricted for Pension (note 5)	Unrestricted	2021 Total	2020 Total
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	7,585	419	48	53,149	(10,194)	51,007	49,831
(Deficiency) surplus of revenues over expenses	(2,023)	-	362	(1,810)	(486)	(3,957)	1,176
Net change in investment in capital assets (note 13)	(2,245)	-	-	-	2,245	-	-
Balance, end of year	<u>3,317</u>	<u>419</u>	<u>410</u>	<u>51,339</u>	<u>(8,435)</u>	<u>47,050</u>	<u>51,007</u>

The accompanying notes are an integral part of the consolidated financial statements.

Yukon Hospital Corporation

Consolidated Statement of Cash Flows

For the year ended March 31
(in thousands of dollars)

	2021 \$	2020 \$
Operating Activities		
(Deficiency) surplus of revenues over expenses	(3,957)	1,176
Items not involving cash		
Amortization of capital assets (note 6)	9,203	7,906
Loss on disposal of capital assets	-	9
Amortization of deferred capital contributions	(7,180)	(7,073)
Bad debt expense	442	98
(Increase) decrease in prepaid expenses	(165)	203
Decrease (increase) in accrued pension benefit	1,810	(4,966)
Increase in non-cash working capital balances	(3,158)	(740)
Cash used in operating activities	<u>(3,005)</u>	<u>(3,387)</u>
Capital Activities		
Purchases of capital assets	(9,038)	(5,930)
Cash used in capital activities	<u>(9,038)</u>	<u>(5,930)</u>
Financing Activities		
Repayment of short-term debt	(3,539)	(3,421)
Issuance of short-term debt	-	3,063
Cash received for capital purchases	14,396	7,873
Cash generated through financing activities	<u>10,857</u>	<u>7,515</u>
Decrease in cash	(1,186)	(1,802)
Cash, beginning of year	3,316	5,118
Cash, end of year	<u>2,130</u>	<u>3,316</u>
Interest paid	1,496	1,551
Interest received	49	236

The accompanying notes are an integral part of these consolidated financial statements.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

1. Purpose

- a) The Yukon Hospital Corporation ("Corporation") is a charitable organization established under the *Hospital Act* of the Yukon. The Corporation operates hospitals in Whitehorse, Watson Lake and Dawson City. The objectives of the Corporation are to provide hospital and medical services to meet the needs of people in the Yukon. The Corporation is a registered charity and accordingly is exempt from income taxes, provided certain requirements of the Federal *Income Tax Act* are met. The Corporation has historically been dependent on the Government of Yukon to maintain its operations and meet its liabilities. It is expected that the ongoing operations of the Corporation will depend on continued financial support from the Government of Yukon.
- b) The Yukon Hospital Foundation ("Foundation") is a society incorporated under the *Societies Act* of the Yukon. The purpose of the Foundation is to promote health of people in the Yukon and to raise money for hospital and medical care and services, supervised residential care and continuing care, and rehabilitative care and services. The Foundation also grants funds and provides equipment, services and facilities to health facilities in the Yukon, and in particular to the Corporation.

2. Significant Accounting Policies

a) Basis of Accounting

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The Corporation has elected to apply the Section 4200 series for government not-for-profit organizations.

b) Basis of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, the Foundation. All significant inter-company transactions and balances have been eliminated on consolidation.

c) Cash

This balance includes cash held in Canadian bank accounts including amounts designated for the First Nations Health Program ("FNHP") and externally restricted funds. The FNHP is administered by the Corporation.

d) Inventory

Inventories are comprised of pharmacy, medical and general operating supplies, and are valued at the lower of cost and net realizable value. Inventories are determined on a first-in, first-out basis.

e) Capital Assets

Capital assets are recorded at cost except for contributed capital assets which are recorded at fair market value at the date of contribution. The cost of a capital asset includes the cost to acquire, construct, develop or better the capital asset and includes all costs directly attributable to the acquisition, construction, development or betterment of the capital asset including the cost of installation and overhead costs. Except for land, all capital assets are recorded net of accumulated amortization.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

2. Significant Accounting Policies (continued)

e) Capital Assets (continued)

Interest on loans during construction of capital assets is capitalized. Amortization is calculated by the straight line method over the assets' expected useful lives. Construction in progress costs are capitalized as incurred. They are transferred to various categories of capital assets and are amortized on a basis consistent with similar assets, once the assets are placed in service.

Capital Asset	Estimated Useful Life
Computer, hardware & systems development	2-10 years
Equipment & vehicles	5-15 years
Buildings	10-40 years
Building improvements	10-20 years
Land improvements	8-20 years

When a capital asset no longer has any long-term service potential to the Corporation, the excess of its net carrying amount over any residual value is recognized as an expense in the Consolidated Statement of Operations. Write-downs are not reversed.

f) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase and construction of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from other provinces and uninsured patients, operational revenue and ancillary services are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue for funded programs is recognized in the period expenses are incurred.

Interest income is recorded on an accrual basis and is recognized as revenue when earned.

g) Inter-entity Transactions

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations, and agencies. Inter-entity transactions are those occurring between commonly controlled entities.

The Corporation records inter-entity transactions undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length and inter-entity cost allocation and recovery transactions at the exchange amount.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

2. Significant Accounting Policies (continued)

g) Inter-entity Transactions (continued)

The exchange amount is the amount of consideration given for the item transferred or service provided as established and agreed to by the related parties.

Inter-entity transfers of assets or liabilities for nominal or no consideration are measured at the carrying amount by the Corporation, as transferor, and at the carrying amount or fair value by the Corporation, as transferee. As transferor, any difference between the exchange amount and the carrying amount of the transferred asset or liability results in the recognition of a gain or loss in the Consolidated Statement of Operations.

h) Donated Services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, these donated services are not recognized in the consolidated financial statements.

i) Short-Term Debt

Short-term debt includes embedded interest rate swap derivatives. These embedded derivatives are not separated from the short-term debt agreement and are not accounted for as a standalone derivative instrument as management believes that the economic characteristics and risks associated with these embedded derivatives are closely related to those of the short-term debt agreements. Therefore, they are included in the measurement of the short-term debt.

Short-term debt includes a demand loan with the Government of Yukon. The loan is repayable in full at the end of the term of the loan. Interest compounds on a semi-annual basis and is accrued within accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

j) Financial Instruments

The Corporation's financial instruments include cash, accounts receivable, contributions receivable, accounts payable and accrued liabilities, accrued payroll and benefits and short and long-term debt. The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, accrued payroll and benefits approximate their fair values due to the short-term nature of these financial assets and liabilities.

The following is a list of the Corporation's financial instruments and their related measurement basis as at March 31, 2021.

Financial Assets	Measurement Basis
Cash	Cost
Accounts receivable	Cost
Contributions receivable	Cost
Financial Liabilities	Measurement Basis
Accounts payable and accrued liabilities	Cost

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

2. Significant Accounting Policies (continued)

j) Financial Instruments (continued)

Accrued payroll and benefits	Cost
Short-term debt	Amortized Cost
Long-term debt	Amortized Cost

As all financial instruments are measured at cost or amortized cost, there have been no re-measurement gains or losses. Therefore, the Consolidated Statement of Re-measurement Gains and Losses has been excluded.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations.

Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability. Transaction costs are added to the carrying value of the instruments when they are initially recognized.

k) Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably determined.

l) Pensions

Eligible employees of the Corporation participate in the Yukon Hospital Corporation Employees' Pension Plan, a defined benefit plan administered by the Corporation's Board of Trustees. Contributions to the plan are required from both the employees and the Corporation.

In general, pensions are based on 2% of the best five years of continuous service minus any adjustments required by the Canada Pension Plan and provisions under the Special Reciprocal Transfer Agreement. The plan members can accumulate up to 30 years of continuous service. Cost of living increases are provided annually to pensioners, as well as upon retirement for deferred pensions.

The expected return on plan assets is based on the fair value of plan assets at the beginning of each fiscal year. Cumulative unrecognized actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service lifetime ("EARSL") of active employees expected to receive benefits under the plan. Past service credits and costs arising from retroactive plan amendments are recognized in the year of plan amendments.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

2. Significant Accounting Policies (continued)

m) Employee Future Benefits Other Than Pensions

Employees earn specified severances, sick leave and special leave benefits as provided for under union contracts and conditions of employment. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. The cost of the benefits has been determined based on management's best estimates using expected compensation levels and employee leave credits.

n) Asset Retirement Obligation

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for accretion and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and accretion is included in the Consolidated Statement of Operations.

o) Use of Estimates and Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards applicable for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates and assumptions are subject to measurement uncertainty. Significant areas requiring the use of management estimates relate to the estimated useful lives of capital assets, determination of the defined benefit pension plan obligation, calculation of allowance for doubtful accounts and actuarial gains or losses, and the liabilities for accrued severance, special leave, retirements and sick leave benefits. Financial results as determined by actual events could differ significantly from these estimates especially given the added uncertainties resulting from the COVID-19.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

3. Inventory

	2021	2020
	\$	\$
Pharmacy	1,440	944
Material Management	881	748
Operating Room	866	541
Laboratory	286	305
Total Inventory	<u>3,473</u>	<u>2,538</u>

4. Restricted Funds

Included in cash are the following amounts:

	2021	2020
	\$	\$
Externally restricted – capital	183	492
Externally restricted – other	297	247
	<u>480</u>	<u>739</u>

a) Externally Restricted for Capital

The Corporation has control over restricted funds which have been contributed for specific capital purchases. The balance in the fund represents the difference between restricted contributions received for capital assets and the funds spent thus far based on the restrictions attached to the contributions.

	2021	2020
	\$	\$
Balance, beginning of year	492	552
Contributions received during the year	164	108
Amounts used for capital purchases during the year	(473)	(168)
Balance, end of year	<u>183</u>	<u>492</u>

b) Externally Restricted for Other

The Corporation has control over restricted funds which have been contributed for specific disbursements to eligible Yukon residents. The balance in the fund represents the difference between restricted contributions received and the funds disbursed thus far based on the restrictions attached to the contributions.

	2021	2020
	\$	\$
Balance, beginning of year	247	195
Contributions received during the year	142	116
Amounts disbursed during the year	(92)	(64)
Balance, end of year	<u>297</u>	<u>247</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

5. Pension Costs and Obligations

The Corporation sponsors a defined benefit pension plan. The Corporation contributes amounts as prescribed by an independent actuary. Effective January 1, 2015 changes to the pension plan outlined below divides the Corporation's employees into two groups. In calendar 2021, Group 1 members were required to contribute to the plan at a rate of 7.90% (calendar 2020 – 8.10%) of annualized earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 9.90% (calendar 2020 – 10.10%) of annualized earnings in excess of YMPE. Group 2 members were required to contribute to the plan at a rate of 6.80% (calendar 2020 – 7.00%) of annualized earnings up to the YMPE plus 8.80% (calendar 2020 – 9.00%) of annualized earnings in excess of YMPE.

A separate pension fund is maintained to hold plan assets. The Corporation has contracted with external organizations to provide trustee and investment management services for the fund. Pension fund assets are invested in balanced pooled funds of the investment manager. The market value of plan assets was \$169,366 as at March 31, 2021 (2020 - \$127,640).

An actuarial valuation for accounting purposes was performed as at March 31, 2021 using the projected benefits method prorated on services. The actuarial valuation included services rendered by members under the Yukon Hospital Corporation Employees' Pension Plan since the inception of the plan in 1993, as well as service credits in respect of pre-1993 service transferred to the Yukon Hospital Corporation Employees' Pension Plan from the Public Service Pension Plan under the Special Reciprocal Transfer Agreement dated June 1995. The next actuarial valuation for accounting purposes will be performed as at March 31, 2022.

The Corporation has made changes to the Yukon Hospital Corporation Employees' Pension Plan to be consistent with changes made to the Public Service Superannuation Plan in January 2013. These changes affect all employees who are employed by the Corporation after January 1, 2015, with exception of the 50/50 cost sharing that will affect all employees enrolled in the pension plan. Changes include an increase to the early retirement age and the age of eligibility for an unreduced pension as well as a gradual change in cost sharing of contributions to the plan.

Increases to the age of eligibility for an unreduced pension

The normal retirement age for all members is age 65. Existing plan members as of December 31, 2014 may retire with an unreduced pension at age 60, or after having completed 30 years of continuous service. Plan members who join the Corporation on or after January 1, 2015, will be able to retire with an unreduced pension at age 65, or after having completed 30 years of continuous service.

Increases to the early retirement age

Existing plan members as of December 31, 2014 may retire as early as age 50 with a reduced pension, if they have two years of continuous employment service. Plan members who join the Corporation on or after January 1, 2015, will be able to retire early with a reduced pension at age 55, if they have two years of continuous employment service.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

5. Pension Costs and Obligations (continued)

Contributions

Historically, the contribution rates for employee and employer contributions were 40% and 60% respectively. Changes to the plan in January 2015 saw a gradual increase of contribution rates to a 50/50 cost-share. This was achieved by January 2019.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, employee turnover and mortality. The assumptions used reflect management's best estimate of these future events. Key assumptions are summarized below:

	2021	2020
Weighted Average Assumptions for Net Period Pension Cost for Fiscal Year		
Discount rate	6.00%	6.00%
Expected long-term rate of return on plan assets	6.00%	6.00%
Rate of compensation increase (exclusive of seniority, merit)	2.50%	2.50%
Expected average remaining service lifetime (EARSL)	8.9	8.9
Inflation rate	2.00%	2.00%
Weighted Average Assumptions for Benefit Obligation at Fiscal Year		
Discount rate	6.00%	6.00%
Rate of compensation increase (exclusive of seniority, merit)	2.50%	2.50%
Expected average remaining service lifetime (EARSL)	8.9	8.9

As at March 31, 2021, pension fund assets are valued at market value. No adjustment is made for benefits payable or contributions receivable.

	2021	2020
	\$	\$
Change in Accrued Benefit Obligation		
Accrued benefit obligation, beginning of year	104,494	96,636
Current period benefit cost (employee and employer), excludes provision for non-investment expenses	5,778	5,241
Interest cost	6,327	5,807
Transfers in/service buybacks	267	-
Benefits paid	(4,133)	(4,964)
Actuarial (gains) losses	(2,642)	1,774
Accrued benefit obligation, end of year	<u>110,091</u>	<u>104,494</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

5. Pension Costs and Obligations (continued)

	2021 \$	2020 \$
Change in Plan Assets		
Fair value of plan assets, beginning of year	127,640	136,531
Actual return on plan assets	39,456	(12,539)
Employer contributions	3,549	6,265
Employee contributions	2,876	2,653
Transfers in/service buybacks	267	-
Benefits paid	(4,133)	(4,964)
Actual plan expenses	(289)	(306)
Fair value of plan assets, end of year	<u>169,366</u>	<u>127,640</u>
Reconciliation of Funded Status		
Accrued benefit obligation	110,091	104,494
Fair value of plan assets	(169,366)	(127,640)
Funded surplus	<u>(59,275)</u>	<u>(23,146)</u>
Unamortized actuarial gains (losses)	7,936	(30,003)
Accrued pension benefit asset	<u>(51,339)</u>	<u>(53,149)</u>
Pension Benefits Cost		
Current period benefit cost, includes provision for non-investment expenses	6,135	5,565
Amortization of actuarial losses	3,500	881
Employee contributions	(2,876)	(2,653)
Benefit expense	<u>6,759</u>	<u>3,793</u>
Interest on expected average accrued benefit obligation	6,327	5,807
Expected return on plan assets	(7,727)	(8,301)
Pension benefits cost	<u>5,359</u>	<u>1,299</u>

As at December 31, 2020 the pension plan had a solvency deficit of \$43,308 (December 31, 2019 - \$31,970) if valued on the basis that the pension plan were terminated/wound up as at December 31, 2020. The solvency ratio of the plan is 82% (84% in 2019). In accordance with the *Pension Benefits Standards Act, 1985*, the Corporation is required to make special payments to eliminate the solvency shortfall. The Corporation is permitted to cover up to a specified maximum of 15% of the solvency liability with a conforming letter of credit. As at March 31, 2021 the Corporation has a conforming letter of credit totaling \$27,703 (2020 - \$26,508). The actuary has determined that the special payment shortfall for calendar 2021 is \$6,904 (2020 - \$4,940)

During the year, the Corporation received \$0 (2020 - \$3,063) from the Government of Yukon related to the calendar year 2020 special payment in the form of a loan and the Corporation contributed this amount to the pension plan. This loan from the Government of Yukon is included in short-term debt in the Consolidated Statement of Financial Position (note 8).

Yukon Hospital Corporation
Notes to the Consolidated Financial Statements

March 31, 2021
(in thousands of dollars)

6. Capital Assets

	Land	Land Improvements	Buildings	Building Improvements	Equipment & Vehicles	Computer Hardware & Systems Development	Construction In Progress	2021 Total	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	1,751	1,391	194,648	5,911	24,583	7,877	4,955	241,116	234,225
Acquisitions	-	89	-	96	2,887	587	5,613	9,272	7,382
Transfers	-	-	-	-	-	-	(193)	(193)	(322)
Disposals	-	-	-	-	(714)	-	-	(714)	(169)
Cost, end of year	1,751	1,480	194,648	6,007	26,756	8,464	10,375	249,481	241,116
Accumulated amortization, beginning of year	-	426	53,962	2,497	14,548	6,701	-	78,134	70,388
Amortization expense	-	133	5,418	418	2,734	500	-	9,203	7,906
Disposals	-	-	-	-	(714)	-	-	(714)	(160)
Accumulated amortization, end of year	-	559	59,380	2,915	16,568	7,201	-	86,623	78,134
Net book value	1,751	921	135,268	3,092	10,188	1,263	10,375	162,858	162,982

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

7. Contributions Receivable

The Corporation received financing from CIBC for the construction of the Crocus Ridge building, Watson Lake Hospital, and Dawson City Hospital (note 8). The Government of Yukon has committed funds since 2011-12 to repay these loans. As a result, the Corporation has recognized a contribution receivable for the amount committed by the Government of Yukon as outlined in the following tables.

	Commitment	Principal Payment	Total
	\$	\$	\$
March 31, 2021			
Crocus Ridge building	9,201	(951)	8,250
Watson Lake Hospital	10,909	(1,388)	9,521
Dawson City Hospital	9,700	(1,200)	8,500
	<u>29,810</u>	<u>(3,539)</u>	<u>26,271</u>
Short-term contributions receivable			3,663
Long-term contributions receivable			<u>22,608</u>
			<u>26,271</u>

	Commitment	Principal Payment	Total
	\$	\$	\$
March 31, 2020			
Crocus Ridge building	10,104	(903)	9,201
Watson Lake Hospital	12,227	(1,318)	10,909
Dawson City Hospital	10,900	(1,200)	9,700
	<u>33,231</u>	<u>(3,421)</u>	<u>29,810</u>
Short-term contributions receivable			3,539
Long-term contributions receivable			<u>26,271</u>
			<u>29,810</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

8. Short-Term Debt

	2021 \$	2020 \$
Demand term installment loan with CIBC with interest calculated at Bankers' Acceptance with stamping fees calculated at 85 bps per annum exchanged for fixed rate by way of interest rate swap fixed at 5.15% per annum for the Watson Lake Hospital construction project. Blended payments of \$160 due monthly beginning on December 30, 2011 with the final payment due on December 31, 2026.	9,521	10,909
Demand term installment loan with CIBC with interest calculated at Bankers' Acceptance with stamping fees calculated at 85 bps per annum exchanged for fixed rate by way of interest rate swap fixed at 4.525% per annum for the Dawson City Hospital construction project. Principal payments of \$100 due monthly beginning on May 1, 2013 with the final payment due on April 1, 2028.	8,500	9,700
Demand term installment loan with CIBC with interest calculated at Bankers' Acceptance with stamping fees calculated at 85 bps per annum exchanged for a fixed rate by way of interest rate swap fixed at 5.23% per annum for the Crocus Ridge construction project. Blended payments of \$117 due monthly beginning December 15, 2010 with the final payment due on March 15, 2028.	8,250	9,201
Demand term loan with Government of Yukon with interest on letter of credit portion at 65 bps. Annual interest rate is prime (3.95%). Term of loan is 15 years, with final payment due on December 11, 2034.	3,063	3,063
	29,334	32,873

Due to the conditions in the loans with CIBC and the Government of Yukon, all debt has been classified as current as CIBC and the Government of Yukon have the ability to call the loans at any time.

O.I.C 2019/121 Financial Administration Act – Health Act, Yukon Hospital Corporation Loan Regulation, was made to allow the Minister responsible for the Department of Health and Social

Services to make a loan of public money in the purpose of assisting the Corporation in meeting the prescribed tests and standards for Solvency required under the Pension Benefits Standards Act, 1985 (Canada). In 2021, the Government of Yukon loaned the Corporation \$0 (2020 –

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

8. Short-Term Debt (continued)

\$2,892) to meet the solvency requirement and \$0 (2020 - \$171) for letter of credit interest payments.

Principal Repayment Schedule

Principal repayment on the indebtedness over the next five years and thereafter are as follows:

	\$
2022	3,663
2023	3,794
2024	3,932
2025	4,076
2026	4,229
2027 and thereafter	9,640
	<u>29,334</u>

In addition to its repayment schedule, the demand term instalment loans with CIBC require that the Corporation exchange the variable interest payment with a fixed interest payment. Under these agreements, the Corporation exchanged with CIBC \$519 (2020 - \$1,284) of variable interest payments representing an average variable rate of 1.98% (2020 - 4.07%) to a fixed interest payment of \$1,401 (2020 - \$1,577), representing an average fixed rate of 5.33% (2020 - 5.00%). These exchanges were made on a net cash basis.

9. Deferred Revenue

The balance is comprised of \$0 (2020 - \$119) received from the Government of Yukon related to MRI warranty costs, and \$469 (2020 - \$258) of other externally restricted funds.

10. Long-Term Debt

In 2003, Yukon Development Corporation, a common control entity of the Government of Yukon, financed an electric boiler system for the Corporation for a total cost of \$596. The long-term debt bears interest of 7.5% which is payable in an annual installment. The principal is repayable based on 50% of the realized annual energy savings. The long-term debt is secured by a general security agreement on building improvements with a net book value of \$60 (2020 - \$89).

An initial payment on principal of \$200 was made by the Corporation in 2004 and since then \$311 has been repaid from the realized annual energy savings including \$0 repaid in the current year based on realized energy savings of \$0 (2020 - \$0). The final payment of \$85 (2020 - \$85) is due in 2023.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

11. Employee Future Benefits Other Than Pensions

In addition to pension benefits, the Corporation provides severances, sick leave and special leave benefits to its employees. The cost of these benefits accrues either as employees render service or upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

	2021	2020
	\$	\$
Severance	2,487	2,262
Sick leave	800	714
Less: short-term portion (included in accrued payroll and benefits)	(342)	(474)
	<u>2,945</u>	<u>2,502</u>

12. Deferred Capital Contributions

Deferred capital contributions represent restricted contributions received or receivable to purchase capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	2021	2020
	\$	\$
Balance, beginning of year	155,890	158,343
Restricted Government of Yukon contributions	11,119	4,677
Restricted non-government contributions	(105)	(57)
Amount amortized to revenue	(7,180)	(7,073)
Balance, end of year	<u>159,724</u>	<u>155,890</u>

13. Investment in Capital Assets

a) Net assets invested in capital assets is calculated as follows:

	2021	2020
	\$	\$
Capital assets (note 6)	162,858	162,982
Amounts financed by deferred capital contributions (net of unexpended externally restricted contributions)	(159,541)	(155,397)
	<u>3,317</u>	<u>7,585</u>

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

13. Investment in Capital Assets (continued)

b) Change in amortization

	2021	2020
	\$	\$
Amortization of deferred capital contributions	7,180	7,073
Amortization of capital assets	<u>(9,203)</u>	<u>(7,906)</u>
	<u>(2,023)</u>	<u>(833)</u>

c) Net change in invested capital assets

	2021	2020
	\$	\$
Purchase of capital assets (net of contributed land)	9,079	7,060
Amounts funded by deferred capital contributions	(11,324)	(4,677)
Disposal of capital assets (net of accumulated amortization)	-	(9)
	<u>(2,245)</u>	<u>2,374</u>

Contributed Land

Certain assets in Whitehorse, including land were transferred from the Government of Canada and the Government of Yukon to the control of the Corporation on April 1, 1993 and January 19, 1994. Contributed land also includes land transferred from the Government of Yukon on May 14, 2010 in Watson Lake, in April 2011 in Dawson City, and on May 12, 2011 for the escarpment behind the existing Whitehorse General Hospital.

In fiscal 2012, the Government of Yukon transferred land and building in Dawson City, as well as land behind Whitehorse General Hospital to the Corporation at no cost. The value of this additional land and buildings is \$741. The land and buildings were recorded at fair value.

Contributed Equipment

In fiscal 2021, the Government of Yukon transferred to the Corporation six drug dispensers and six drug cabinets at no cost. These assets were recorded at a fair value of \$746.

In fiscal 2021, in response to the COVID-19 pandemic, the Government of Canada transferred to the Corporation two sterilizers for N95 masks at no cost. These assets were recorded at a fair value of \$240.

14. First Nations Health Program

Under an annual contribution agreement, the Government of Yukon provides funds to the Corporation for the purpose of operating the FNHP at the Whitehorse General Hospital. The FNHP includes a health liaison worker program, child life worker for the pediatric ward, traditional medicine, traditional diet, employment equity and training program, interpretation services and in-service training.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

14. First Nations Health Program (continued)

The FNHP was established in 1993 under the Whitehorse General Hospital Programs and First Nations Health Services and Community Health Transfer Agreement. Core funding was provided by the Government of Yukon. The programs could not all be implemented in the year which the funding was received and as a result a substantial surplus was realized. An agreement between the Government of Yukon and the First Nations Health Committee restricted this surplus to be used for First Nations programming only. The FNHP is outlined in the *Hospital Act*.

The following amounts pertain to the FNHP and have been included in the Consolidated Statement of Operations.

	2021	2020
	\$	\$
Revenues		
Government of Yukon contribution (note 16)	1,200	1,200
Interest	3	12
Other	0	16
	<u>1,203</u>	<u>1,228</u>
Expenses		
Payroll	1,098	926
Material and supplies	54	10
Travel	29	21
Sundry	13	41
Honorariums	8	15
Equipment	1	-
	<u>1,203</u>	<u>1,013</u>
Surplus of revenues over expenses	0	215
Opening surplus	419	204
Net surplus, restricted for FNHP	<u>419</u>	<u>419</u>

15. Other Expenses

	2021	2020
	\$	\$
Property tax	1,341	1,303
Delivery/courier/taxi	743	712
Software maintenance	710	689
Communications	695	640
Legal and professional fees	510	695
Bad debt	442	98
Insurance	374	344

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

Conference fees/travel	331	396
Miscellaneous	299	332
Recruitment and relocation	298	402
Membership fees	292	279
Honorariums	104	121
Advertising	64	81
	<u>6,203</u>	<u>6,092</u>

16. Related Party Transactions

	2021	2020
	\$	\$
Government of Yukon contribution		
Basic funding	73,372	70,934
First Nations Health Program (note 14)	1,200	1,200
Total basic funding	<u>74,572</u>	<u>72,134</u>
Other	3,710	3,746
COVID-19 funding	6,533	200
Total Government of Yukon contribution	<u>84,815</u>	<u>76,080</u>

Revenue received from the Government of Yukon for services was \$84,815 for 2021 (2020 - \$76,080). The 2021 contribution includes \$93 (2020 - \$93) flow-through funding provided to the Foundation.

	2021	2020
	\$	\$
Other government contracts		
Government Service contracts	967	824
Cost recovery arrangement	1,429	1,392
Total other government contracts	<u>2,396</u>	<u>2,216</u>

In fiscal 2021, the Corporation held various service contracts relating to the provision of food, laundry and housekeeping services with Government of Yukon. The revenue recognized from these agreements is included in Other government contracts in the Consolidated Statement of Operations.

In compliance with the agreement outlined in Appendix H of the 1994 Whitehorse General Hospital Transfer Agreement between the Corporation, the Government of Yukon and the Government of Canada (Appendix H), the Corporation provided goods in the amount of \$1,429 (2020 - \$1,392) to related parties which includes a 15% administration charge on material management supplies purchased in excess of \$80. The Corporation recovered only the cost of goods of \$1,325 (2020 - \$1,319). As this is a cost recovery arrangement, the revenues and cost of sales have been reported on a gross basis.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

16. Related Party Transactions (continued)

Services Without Charge

The Corporation leases space to the Government of Yukon. The leases for the ambulance station, #2 Hospital Road, #4 Hospital Road, and 29,679 square feet of office space located in the Thomson Centre building are at an annual nominal amount of \$1.

Appendix H outlines Whitehorse General Hospital's obligation to provide residual services to Yukon communities at no charge. The total cost of providing these services for 2021 was \$533 (2020 - \$563).

Other Related Party Transactions

In addition to those related party transactions disclosed elsewhere in these consolidated financial statements (notes 5, 7, 8, 9, 10, 12, 13 and 14) the Corporation entered into the following transactions with related entities on similar terms and conditions as entities at arm's length.

As at March 31, 2021 there were \$321 (2020 - \$287) of accounts payable and accrued liabilities and \$6,726 (2020 - \$4,865) of accounts receivable related to the Government of Yukon.

The Government of Yukon and the Corporation entered into an agreement transferring ownership of the Watson Lake Hospital to the Corporation effective April 1, 2010. The Watson Lake Hospital transfer included land, buildings and medical equipment worth \$2,424. The transaction was recorded at fair value. The Corporation agreed that it may transfer part of the old building back to the Government of Yukon at the request of, and subject to any conditions imposed by the Government of Yukon. In addition, the Corporation may be required to grant to the Government of Yukon a lease on such terms as the Government of Yukon may require. No transfers were made back to Government of Yukon in fiscal 2021.

In fiscal 2012 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 22,075 square feet of office space located on the 1st and 2nd floor of the Crocus Ridge building. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2014 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 2,540 square feet of clinical space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2015 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 2,206 square feet of office space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

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16. Related Party Transactions (continued)

In fiscal 2016 the Corporation (the Lessor) amended a lease from fiscal 2014 with the Government of Yukon (the Lessee) for approximately 2,660 square feet of rentable space to add 2,858 square feet of space in the lower level of the Watson Lake Hospital. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2019 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 97 square feet of office space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2019 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 147 square feet of office space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

In fiscal 2019 the Corporation (the Lessor) entered into a lease with the Government of Yukon (the Lessee) for approximately 153 square feet of clinical space and approximately 22 square feet of storage space located in the Dawson City Hospital. This lease is recorded at the exchange amount which approximates fair value.

Details of the leases are outlined as follows:

	Annual Lease Payments \$	Term Years
Crocus Ridge 1 st and 2 nd floor office space	825	10
Dawson City Hospital clinical space	95	15
Dawson City Hospital office space	69	12
Dawson City Hospital office space	5	3
Dawson City Hospital office space	3	2
Dawson City Hospital clinical space	7	10
Watson Lake Hospital rentable space	69	15
Watson Lake Hospital space	74	13
	1,147	

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

17. Contractual Obligations

The Corporation has contractual commitments whereby the minimum required payments for the next five years and thereafter are as follows:

	\$
2022	7,366
2023	2,000
2024	1,711
2025	551
2026 and thereafter	422
	<u>12,050</u>

Contractual commitments fall under the following major categories; capital projects, medical and other equipment service agreements, software maintenance agreements and professional/service level agreements.

18. Financial Risks

The Corporation has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk.

The Board of Trustees is responsible for ensuring that the Corporation has identified its major risks and ensures that management monitors and controls them. The Executive Committee oversees the Corporation's systems and practices of internal control, and ensures that these controls contribute to the assessment and mitigation of risk. The Executive Committee reports regularly to the Board of Trustees on its activities. The Corporation has experienced no change in its risk exposure and has not made any changes to its risk management policies and procedures.

a) Credit Risk

Credit risk is the risk of a financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Corporation consisting of cash, accounts receivables, and contributions receivable.

Cash:

The Corporation's exposure to credit risk associated with cash is assessed as low because the Corporation's cash deposits are held by a Canadian Schedule 1 Chartered bank.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

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(in thousands of dollars)

18. Financial Risks (continued)

Accounts Receivable:

The Corporation's exposure to credit risk associated with accounts receivable is assessed as low because it is due largely from governments.

Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the Consolidated Statement of Financial Position are net of these allowances for doubtful accounts. All accounts receivable are considered for impairment based on the type of patient revenue and historical repayment information.

The maximum exposure to credit risk for accounts receivable by type of customer is as follows:

	2021	2020
	\$	\$
Government of Yukon	6,726	4,865
Consumers	1,331	1,580
Other governments	453	540
Other	698	191
	<u>9,208</u>	<u>7,176</u>

The Corporation's accounts receivable has a carrying value of \$9,208 as at March 31, 2021 (2020 - \$7,176). As at March 31, 2021, approximately 31% (2020 - 43%) of accounts receivable were over 90 days past due, whereas 67% (2020 - 50%) were current or less than 30 days past due. The Corporation's allowance for doubtful accounts is \$605 as at March 31, 2021 (2020 - \$412).

Contributions Receivable:

The Corporation's exposure to credit risk associated with contributions receivable is assessed as low because the amount is due from the Government of Yukon.

b) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's objective is to have sufficient liquidity to meet these liabilities when due. The Corporation monitors its cash balance and cash flows generated from operations to meet its liquidity requirements.

The liquidity risk arises from the financial liabilities consisting of accounts payable and accrued liabilities, accrued payroll and benefits, short-term debt and long-term debt. The Corporation's accounts payable and accrued liabilities had a carrying value of \$9,311 as at March 31, 2021 (2020 - \$10,352). As at March 31, 2021, approximately 1% (2020 - 4%) of accounts payable were over 90 days past due, whereas 68% (2020 - 64%) were current or less than 30 days past due. The Corporation's accrued payroll and benefits has a carrying value of \$6,863 as at March 31, 2021 (2020 - \$6,223) and is payable in the next fiscal year.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

18. Financial Risks (continued)

The Corporation's short-term debt has remaining undiscounted contractual cash flows of \$36,279 as at March 31, 2021 (2020 - \$41,219) and may be repayable in the next fiscal year. The Government of Yukon has committed the funds to repay the short-term debt owed to third parties (note 7). The Corporation's long-term debt has remaining undiscounted contractual cash flows of \$91 as at March 31, 2021 (2020 - \$91).

c) Market Risk

Currency Risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The Corporation is not exposed to any significant currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Corporation is not exposed to any significant interest rate risk.

Long-term debt has interest rates fixed for long periods of time with the debt intended to be repaid in accordance with corresponding energy savings.

For its short-term debt with CIBC, the Corporation mitigates interest rate risk through interest rate swaps that exchange the variable rate inherent in the term debt for a fixed rate. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the short-term debt. The short-term loan with the Government of Yukon is at the Government's prime rate and is subject to market fluctuations. Due to the loan balance the variability in interest rates is not expected to have a significant impact on the Corporation.

19. Capital Management

The Corporation is subject to the financial management and accountability provisions of the *Hospital Act*, the *Yukon Financial Administration Act*, and the *Yukon Act* which impose restrictions in relation to borrowings and acquisitions of investments. The Corporation receives its principal source of capital through funding received from the Government of Yukon. The Corporation's financial objectives are to comply with externally imposed restrictions and manage its capital as a by-product of managing revenues, expenses, assets and liabilities. The Corporation considers its capital to be its net assets related to restricted for capital purchases, internal; restricted for pension; and unrestricted. The Corporation's financial objectives as stated above have remained unchanged from the prior year. The Corporation has complied with the externally imposed restrictions on the funding provided.

Internally restricted capital purchases are used to cover commitment or obligations that are expected to arise in the future. The restricted for pension capital is the difference between the contributions to the pension plan and the actuarially determined pension expense and is recorded as an accrued pension benefit asset (non-current assets) and restricted for pension

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

19. Capital Management (continued)

(net assets) on the Consolidated Statement of Financial Position. This entry reflects trapped capital as these contributions cannot be touched and remain in the plan.

The Corporation computes its capital as follows:

	2021	2020
	\$	\$
Restricted for capital purchases, internal	410	48
Restricted for pension	51,339	53,149
Unrestricted	(8,435)	(10,194)
	<u>43,314</u>	<u>43,003</u>

20. Impact of COVID-19

The World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic on March 11, 2020. In response to the impacts of COVID-19, the Corporation continues to experience a change in demand for its services and is working diligently to mitigate the financial impacts.

Other government contract revenue and expenses

For the year ended March 31, 2021, the Government of Yukon committed \$6,533 (2020 - \$200) (Note 16) to cover COVID-19 related incremental expenses and loss of revenues. These amounts have been recorded in various expense accounts in the Consolidated Statement of Operations as determined by the nature of the expense. During the year, the Corporation incurred COVID-related expenses of \$6,619 (2020 - \$148). As at March 31, 2021, \$451 of the Government of Yukon contribution committed is recognized in accounts receivable on the Consolidated Statement of Financial Position.

Personal protective equipment

In response to the COVID-19 Pandemic, the Corporation was requested to centralize all Personal Protective Equipment (PPE) for the territory and ensure timely and appropriate access to supplies in collaboration with the Government of Yukon. PPE was provided through Government of Canada Federal programs such as the National Emergency Strategic Stockpile (NESS) and the Public Health Agency of Canada (PHAC) at no cost to the territory. As at March 31, 2021, the Corporation has estimated the fair value of inventory on hand from these PPE programs to be \$1,440 and has not included this inventory as an asset on the Corporation's financial statements as it does not meet the definition of an asset.

COVID-19 vaccines

During the fiscal year, the Corporation managed the receiving and storage of COVID-19 vaccines provided by the Government of Canada at no cost to the territory. The Government of Yukon is responsible for the administration and coordination of vaccine deployment. A fair market value estimate of the vaccines on hand as at March 31, 2021 is unknown at this time.

Yukon Hospital Corporation

Notes to the Consolidated Financial Statements

March 31, 2021

(in thousands of dollars)

Future impact on operations

The ongoing effects of COVID-19 on financial markets, regulations, and experience are uncertain and still evolving. It is not possible to reliably estimate the impact that COVID-19 will have on the financial results and condition of the Corporation in future periods. Financial areas that may be impacted include government funding and the pension plan experience and/or assumptions that could affect future valuation results.

21. Subsequent Events

On June 1, 2021, the Corporation implemented an updated Electronic Medical Record "EMR" and Health Information System. This implementation included a complete rebuild of all the Corporation's Meditech applications as well as the implementation of advanced clinical functionality. The project termed "1Health" is a transformational project that has spanned multiple years and was done in collaboration with Government of Yukon's Department of Health and Social Services. The current estimated cost for the Corporations portion of this project is approximately \$13,000 and has been funded through agreements with Government of Yukon.

Included in capital work-in-progress is \$8,856 (2020 - \$4,133) related to the project.

YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2021

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YUKON HOUSING CORPORATION
Management's Responsibility for Financial Reporting

The financial statements contained in this annual report have been prepared by management in accordance with Canadian public sector accounting standards. The integrity and objectivity of the data in these financial statements are management's responsibility.

Management is responsible for developing and maintaining books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information; that assets are safeguarded and controlled; and that transactions are in accordance with the *Financial Administration Act* as well as the *Housing Corporation Act* and the by-laws of the Yukon Housing Corporation (the Corporation).

The Board of Directors (the Board) is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibility through the Finance Audit and Risk Management Committee, which meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls, and other relevant financial matters. The Finance Audit and Risk Management Committee reviews the audited financial statements with the external auditor before making recommendations to the Board of Directors for their approval.

The Corporation's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and issuing her report thereon which is included with the audited financial statements. The Auditor General of Canada addresses her report to the Minister responsible for the Yukon Housing Corporation.

Mary Cameron
President

Marcel Holder Robinson, CPA, CGA
Director, Finance and Risk Management

October 25, 2021



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Yukon Housing Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2021, and the statement of operations and accumulated surplus, statement of change in (net debt) net financial assets and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2021, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Yukon Housing Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of Yukon and regulations, the *Housing Corporation Act* and regulations, and the by-laws of the Yukon Housing Corporation.

In our opinion, the transactions of the Yukon Housing Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Housing Corporation Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Housing Corporation and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Housing Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Housing Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
25 October 2021



Yukon Housing Corporation
Statement of Financial Position
as at March 31, 2021

	2021	2020
	(thousands of dollars)	
Financial assets		
Cash (Note 3)	\$ 15,947	\$ 4,918
Accounts receivable (Note 4)	8,604	8,980
Due from the Government of Yukon (Note 15(a))	1,896	187
Mortgages and loans receivable (Note 5 and Note 14)	39,152	45,680
	<u>65,599</u>	<u>59,765</u>
Liabilities		
Accounts payable and accrued liabilities	5,075	2,876
Environmental liability (Note 6)	216	216
Deferred revenue (Note 7)	7,527	4,270
Long-term debt (Note 8 and Note 14)	12,462	18,006
Post-employment benefits (Note 9)	2,173	2,241
Advances - Government of Yukon (Note 11)	39,091	31,835
	<u>66,544</u>	<u>59,444</u>
(Net debt) net financial assets	<u>(945)</u>	<u>321</u>
Non-financial assets		
Tangible capital assets (Note 12 and Schedule B)	93,011	87,114
Prepaid expenses (Note 19)	3,398	133
	<u>96,409</u>	<u>87,247</u>
Accumulated surplus	<u>\$ 95,464</u>	<u>\$ 87,568</u>
Contractual obligations and contingencies (Note 16)		
Contractual rights (Note 17)		
Subsequent event (Note 20)		
Impacts of COVID19 (Note 21)		

Approved by the Board of Directors

Director

Director

The accompanying notes and schedules are an integral part of these financial statements.



Yukon Housing Corporation
Statement of Operations and Accumulated Surplus
for the year ended March 31, 2021

	2021		2020
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Revenues			
Rental income	\$ 6,665	\$ 7,247	\$ 6,984
Funding from Canada Mortgage and Housing Corporation			
- National Housing Strategy	4,225	3,031	1,897
- Social Housing Agreement	3,665	3,668	3,741
- Northern Funding Agreement	-	263	972
- Investment in Affordable Housing	-	531	822
- Social Infrastructure Fund	-	92	1,931
Interest income	1,511	1,556	1,735
Other	46	99	209
Tenant damage charge back recovery	60	68	80
Recovery of loan receivable allowances	-	7	56
	<u>16,172</u>	<u>16,562</u>	<u>18,427</u>
Expenses (Note 13)			
Social and staff housing operations (Schedule A)	17,749	14,882	13,083
Lending and grant programs (Schedule A)	14,601	9,650	10,221
Amortization (Note 13 and Schedule B)	3,650	3,917	3,577
Corporate services (Schedule A)	2,713	2,722	2,550
Administration (Schedule A)	1,584	1,898	2,179
Rent supplement programs	1,408	1,266	1,358
Subsidies - private social housing organizations	525	417	467
	<u>42,230</u>	<u>34,752</u>	<u>33,435</u>
Deficit for the year before government funding	(26,058)	(18,190)	(15,008)
Government of Yukon funding			
Capital transfer payment	23,790	17,412	9,222
Operations and maintenance transfer payment	6,984	6,108	5,158
Low Carbon Economy Fund	2,736	2,064	1,095
Rental assistance - in-kind (Note 15(b))	-	502	502
	<u>33,510</u>	<u>26,086</u>	<u>15,977</u>
Surplus for the year	7,452	7,896	969
Accumulated surplus at beginning of year	87,568	87,568	86,599
Accumulated surplus at end of year	\$ 95,020	\$ 95,464	\$ 87,568

The accompanying notes and schedules are an integral part of these financial statements.



Yukon Housing Corporation
Statement of Change in (Net Debt) Net Financial Assets
for the year ended March 31, 2021

	2021		2020
	Main Estimates (Note 1(c))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	\$ 7,452	\$ 7,896	\$ 969
Effect of change in tangible capital assets			
Acquisitions	(11,103)	(10,066)	(4,311)
Amortization of tangible capital assets	3,650	3,917	3,577
Disposal of tangible capital assets (net book value)	-	29	236
Write-down of tangible capital assets	-	223	-
	(7,453)	(5,897)	(498)
Effect of change in other non-financial assets			
(Increase) decrease in prepaid expenses	-	(3,265)	133
	-	(3,265)	133
(Decrease) increase in net financial assets	(1)	(1,266)	604
Net financial assets (net debt) at beginning of year	321	321	(283)
(Net debt) net financial assets at end of year	\$ 320	\$ (945)	\$ 321

The accompanying notes and schedules are an integral part of these financial statements.



Yukon Housing Corporation
Statement of Cash Flow
for the year ended March 31, 2021

	2021	2020
	(thousands of dollars)	
Operating transactions		
Surplus for the year	\$ 7,896	\$ 969
Adjustments for non-cash items		
Amortization of tangible capital assets (Note 13 and Schedule B)	3,917	3,577
Post-employment benefits expense (Note 9)	450	318
Bad debt expense (Schedule A)	110	55
Loss on disposals of tangible capital assets (Schedule B)	29	236
Write down (Schedule B)	223	-
Mortgages receivable allowances / discounts (Note 5)	142	27
	<u>12,767</u>	<u>5,182</u>
Changes in accruals of operating cash receipts or (payments)	230	(6,006)
Cash provided by (used for) operating transactions	<u>12,997</u>	<u>(824)</u>
Capital transactions		
Acquisition of tangible capital assets	(10,066)	(3,585)
Cash used for capital transactions	<u>(10,066)</u>	<u>(3,585)</u>
Investing transactions		
Issuances of mortgages receivable	(4,325)	(5,429)
Repayments of mortgages receivable	6,399	7,527
Repayments of land sales agreements receivable	4,243	8,552
Cash provided by investing transactions	<u>6,317</u>	<u>10,650</u>
Financing transactions		
Repayments of long-term debt	(733)	(748)
Repayments of land sales agreements payable	(4,742)	(9,884)
Advances from the Government of Yukon (Note 11)	7,256	6,771
Cash provided by (used for) financing transactions	<u>1,781</u>	<u>(3,861)</u>
Increase in cash	11,029	2,380
Cash at beginning of year (Note 3)	4,918	2,538
Cash at end of year (Note 3)	\$ 15,947	\$ 4,918
Interest received in the year	\$ 1,649	\$ 2,058
Interest paid in the year	84	101

The accompanying notes and schedules are an integral part of these financial statements.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2021

1. Authority and operations

(a) Authority

Yukon Housing Corporation (the Corporation) was established in 1972 by the *Housing Corporation Act* of Yukon to undertake, carry to completion, or assist in the provision, development, maintenance and management of housing. The Corporation is subject to the *Financial Administration Act* of Yukon. Disbursements for operations and loans are authorized by the Yukon Legislative Assembly through the *Appropriation Acts*.

(b) Mission

The mission of the Corporation is to improve the quality of housing in Yukon and help Yukoners resolve their housing needs.

In carrying out its mission, the Corporation provides rental housing at below market rents to applicants who qualify for social housing. Rental income received from housing tenants is less than the associated costs of supplying these rental units. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

Pursuant to Section 45(1) of the *Housing Corporation Act*, the Commissioner in Executive Council has established Housing Advisory Boards in the communities of Carcross, Carmacks, Dawson City, Faro, Haines Junction, Mayo, Ross River, Teslin, Watson Lake and Whitehorse. Local Housing Advisory Boards involve local community members in the decision making process regarding housing in their community. They provide advisory services to the Corporation and a review function in appeals of decisions made by the Corporation.

(c) Main estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Yukon Legislative Assembly in 2020. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Yukon Legislative Assembly.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards. Significant accounting policies are as follows:

(a) Reporting entity

The Corporation's financial results include the transactions of the Housing Advisory Boards.

(b) Funding and advances from the Government of Yukon

A funding agreement between the Corporation and the Government of Yukon authorizes the Government of Yukon to provide the Corporation with an annual operations and maintenance transfer payment and a capital transfer payment. The transfer payments are equal to the Corporation's actual net operating deficit and net capital expenditures calculated in accordance with the funding agreement and reported to the Government of Yukon in the Corporation's final Period 12 Variance Report. The transfer payments are recognized in accordance with the Corporation's policy for the recognition of government transfers (Note 2(j)). Advances provided by the Government of Yukon in excess of the transfer payments are recorded as a liability of the Corporation (Note 11).

The free rental of a social housing building provided by the Government of Yukon to the Corporation is recorded as rental assistance in-kind revenue and offsetting building services in-kind expenses (Note 15(b) and Schedule A).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2021

2. Significant accounting policies (continued)

(c) Cash

Cash includes cash on hand, bank balances and bank indebtedness repayable on demand.

(d) Housing inventory

The Corporation recognizes a house for sale as inventory when all of the following criteria are met prior to the date of the financial statements: sale of the asset is approved; the asset is in a condition to be sold; the asset is publicly seen to be for sale; there is an active market for the asset; there is a plan in place for selling the asset; and it is reasonably anticipated that the sale to the third party will be completed within one year. The asset held for sale is measured at the lower of its carrying amount or fair value less cost to sell.

(e) Mortgages and loans receivable

Mortgages receivable are fully secured and recorded at cost less any amount for valuation allowances.

Based on historical loss experience, management establishes a valuation allowance for impaired loans. Mortgages are classified as impaired when the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due. The valuation allowance adjusts a mortgage's carrying value to its net recoverable value.

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership Program mortgage. These subsidies vary in amount depending on the income of the recipients and are expensed when incurred. CMHC funding provided to the Corporation includes an amount for subsidies.

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Each year, the Corporation records an allowance for Home Repair Program subsidies based on loans receiving a subsidy at year end.

Loans with concessionary terms are reviewed annually.

Concessionary loans are recorded at the discounted value of the loan after the grant portion has been charged to concessionary loan discount expense. For concessionary loans, subsequent to initial valuation, the loans are carried at amortized costs using the effective interest method. The discounted value and the effective interest rate are determined using the prime rate adjusted for risk at the date of issuance. The grant portion is calculated as the difference between the face value and the discounted value of the loan and is recorded as concessionary loans discount expense at the date of issue.

Housing industry loans are provided to private organizations and individuals as a way to finance the construction of more affordable rental units. These loans are also provided to organizations that are seeking financing to build shelters to accommodate social programs.

Loans receivable from lots sold to purchasers for residential, commercial and recreational purposes under land sales agreements are recorded at the lower of cost or net recoverable value.



2. Significant accounting policies (continued)

(f) Tangible capital assets

Tangible capital assets are recorded at cost, net of accumulated amortization. Interest on loans during construction of capital assets is capitalized. Assets under construction are not amortized until available for use.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets.

Social housing projects	40 years
Social housing betterment	15 years
Staff housing projects and other facilities:	
Standard construction	40 years
Mobile home units	20 years
Office building	40 years
Other facilities	15 years
Furnishings and equipment	5 to 15 years
Vehicles	6 years
Computer systems	3 years
Leasehold improvements	remaining lease term

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide services. The write-downs are accounted for as expenses in the Statement of Operations and Accumulated Surplus.

(g) Environmental liabilities

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. The Corporation recognizes a provision for environmental clean-up when all of the following conditions are prevalent: an environmental standard exists; the level of contamination has been determined to exceed the environmental standard; the Corporation is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made at that time. A liability is recognized net of expected recoveries and the costs associated with the clean-up are expensed during the year when the Corporation is obligated to incur such costs. The estimate of a liability includes costs directly attributable to remediation activities. Costs would include post-remediation operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(h) Post-employment benefits

Post-employment benefits are expected to be provided to employees of the Corporation after employment but before retirement. These benefits include severance benefits and accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Corporation recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these benefits is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses. Net actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the active employees commencing with the period following the determination of the net actuarial gains or losses.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2021

2. Significant accounting policies (continued)

(i) Retirement benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost as employer. This amount is currently based on a multiple of the employees' required contributions, and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(j) Revenue recognition

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized as the stipulation liabilities are settled.

Interest income on mortgages is recognized using the effective interest method. When a mortgage becomes impaired, recognition of interest ceases; thereafter, interest income for impaired loans is recognized on a cash basis.

Rental income is recorded on an accrual basis.

(k) Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when authorized and recipients have met eligibility criteria.

(l) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and contingencies. By their nature, these estimates are subject to measurement uncertainty. As adjustments to these estimates become necessary, they are recorded in the financial statements in the year they become known. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant; although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable.

Significant management estimates include: valuation of mortgages and loans receivable, valuation of accounts receivable, determination of amortization, valuation of post-employment benefits, estimation of contingencies and environmental liabilities.

The estimation of the environmental liabilities is subject to a high degree of measurement uncertainty because the existence and extent of contamination, the responsibility for clean-up and the timing and cost of remediation cannot be reliably estimated in all circumstances. The degree of measurement uncertainty resulting from the estimation of the environmental liabilities cannot be reasonably determined.

At the time of preparation of these financial statements, management believes the estimates and the assumptions to be reasonable under the circumstances. However, the effect on the financial statements of changes to such estimates and assumptions in future periods could be significant especially given the added uncertainties resulting from the COVID-19 pandemic declared by the World Health Organization on March 11, 2020.



2. Significant accounting policies (continued)

(l) Measurement uncertainty (continued)

In response to the COVID-19 pandemic, management issued a Technical Bulletin 03 – Loans and Grants Deferral dated March 24, 2020 which provided loan repayment deferrals and project extensions to clients. Such deferrals and extensions would be offered at the request of clients upon their submission of application and supporting paperwork. This bulletin was still in effect as of March 31, 2021.

Management also issued Technical Bulletin 06 – Streamlined Process for Rent Reductions dated March 24, 2020 in anticipation that a higher volume of rent deduction requests would be submitted to the Corporation by clients adversely impacted by the pandemic. This bulletin was still in effect as of March 31, 2021.

(m) Related party transactions

The Corporation is related to all Government of Yukon departments, territorial corporations and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. Significant transactions with related parties and balances at year-end are disclosed separately in the financial statements and notes thereto.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

Related party transactions other than inter-entity transactions are recorded at the exchange amount.

The Corporation receives certain services provided by the Government of Yukon without charge (Note 15(b)).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2021

3. Cash

	2021	2020
	(thousands of dollars)	
Cash		
Bank balances	\$ 15,944	\$ 4,915
Cash on hand	3	3
	<u>\$ 15,947</u>	<u>\$ 4,918</u>

The Corporation has an overdraft facility with its bank of up to \$11,000,000 at bank prime less 0.85% (2020 - bank prime less 0.75%). At year end, the bank prime rate was 2.45% (2020 - 2.95%). The overdraft is guaranteed by the Government of Yukon.

4. Accounts receivable

	2021	2020
	(thousands of dollars)	
Due from Canada Mortgage and Housing Corporation		
- National Housing Strategy	\$ 4,041	\$ 4,111
- Northern Funding Agreement	2,400	2,400
- Investment in Affordable Housing	1,575	1,575
- Social Housing Agreement	239	242
- Yukon First Nations - Multi-unit Residential Building Workshop	-	145
Receivable from tenants	874	870
Other receivables	407	455
Less: Valuation allowance for receivable from tenants	(875)	(762)
Less: Valuation allowance for other receivables	(57)	(56)
	<u>\$ 8,604</u>	<u>\$ 8,980</u>

On August 14, 1998 the Corporation entered into an agreement with CMHC to access funding under the Social Housing Agreement (SHA). Under this 31 year agreement (1999/2000 to 2029/2030) CMHC agreed to contribute up to \$114,379,000 for the Corporation to assume full responsibility for the management of various public housing programs specified in the SHA. As at March 31, 2021 the amount receivable under the SHA is \$239,000 (2020 - \$242,000).

On April 1, 2014 the Corporation entered into an agreement with CMHC to access funding under the Investment in Affordable Housing (IAH) agreement. Under this five year agreement (2014/2015 to 2018/2019) CMHC agreed to contribute up to \$7,875,000 (\$1,575,000 each year) for project commitments made by the Corporation to improve access to affordable, sound, suitable and sustainable housing for households in need. The funding was fully cost matched by the Corporation. As at March 31, 2021 the amount receivable under the IAH is \$1,575,000 (2020 - \$1,575,000).

On April 1, 2018 the Corporation entered into an agreement with CMHC to access funding under the National Housing Strategy Agreement (NHS). Under this 10 year agreement (2019/20 to 2027/2028) CMHC agreed to contribute up to \$28,269,700 (various amounts each year) for project commitments made by the Corporation to increase access to housing, reduce housing need and achieve better housing solutions across the spectrum. As at March 31, 2021 the amount receivable under the NHS is \$4,041,000 (2020 - \$4,111,100).



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2021

4. Accounts receivable (continued)

On April 1, 2018 the Corporation entered into an agreement with CMHC under the Northern Funding Agreement, which was made under the IAH agreement. Under this one year agreement (2018/2019) CMHC agreed to contribute up to \$2,400,000 for project commitments made by the Corporation to increase the affordable housing that meets the needs of households in the Yukon. As at March 31, 2021 the amount receivable under the Northern Funding Agreement is \$2,400,000 (2020 - \$2,400,000).

5. Mortgages and loans receivable

	Stated interest rates %	2021 (thousands of dollars)	2020
Mortgages receivable			
Home Ownership	0.00 - 4.41	\$ 27,838	\$ 28,444
Loans with terms up to five years, secured by registered charges against real property, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest and with maturities up to 2026. Rural and Native Home Ownership mortgages receiving subsidies (Note 2(e)) at March 31, 2021 were \$13,000 (2020 - \$28,000).			
Owner Build	3.64 - 4.41	6,191	6,626
Loans are advanced during the construction phase of a home for a maximum period of two years with interest of 1% below posted average five year rate of major banks. Repayment terms are up to five years, commencing upon completion of construction, secured by registered charges against real property with maturities up to 2025.			
Repair and Upgrade	0.00 - 4.95	2,194	3,050
Loans with terms up to 12 years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2029. Mortgages receiving subsidies (Note 2(e)) and forgiveness at March 31, 2021 were \$30,000 (2020 - \$23,000).			
Energy Management	3.70	3	6
Loans with terms up to 17 years, secured by registered charges against real property or chattel mortgages, repayable in periodic instalments with maturities up to 2022.			



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2021

5. Mortgages and loans receivable (continued)

	Stated interest rates %	2021 (thousands of dollars)	2020
Housing Industry Loans	1.75 - 4.95	2,401	2,575
Loans with terms up to 25 years, secured by registered charges against real property or general security agreements, repayable in blended bi-weekly or monthly payments at fixed rates of interest with maturities up to 2027.			
Subtotal mortgages receivable		38,627	40,701
Less: Allowance for Home Repair Program subsidies		(24)	(35)
Less: Discount for loans receivable with concessionary terms*		(619)	(535)
Less: Allowance for impaired loans		(428)	(359)
Net mortgages receivable		37,556	39,772
Land sales agreements receivable	5.00	1,596	5,908
Unsecured loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2024.			
Total loans receivable		<u>\$ 39,152</u>	<u>\$ 45,680</u>

*The total remaining principal \$1,724,000 is for 17 loans.

These mortgages and loans receivable earn interest at the following weighted average rates:

	2021	2020
Mortgages receivable	3.63%	3.69%
Land sales agreements receivable	5.00%	5.00%



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2021

6. Environmental liability

Changes in the environmental liability are as follows:

	2021	2020
	(thousands of dollars)	
Balance at beginning of year	\$ 216	\$ 368
Actual expenditures in current year relating to fuel oil spills	-	(152)
Balance at end of year	<u>\$ 216</u>	<u>\$ 216</u>

Notable sites within the environmental liability include:

In fall 2010, it was confirmed that approximately 20,000 liters of fuel oil spilled under two Yukon Housing Corporation properties in Dawson City. The remediation plan and projected future costs were prepared by independent consultants, and the remediation started in the summer of 2011. To facilitate remediation the apartment building was demolished and removed. In fall 2012, it was determined that the residence adjacent to the apartment building would need to be removed to complete remediation of the site. The projected future expenditures at year end associated with this spill are estimated at \$50,000 (2020 - \$50,000).

In the summer of 2015, a split fuel line occurred under a house in Dawson City. Approximately 800 liters of fuel leaked from the oil storage tank. The projected future expenditures at year end associated with this spill are estimated at \$100,000 (2020- \$100,000).

Projected future expenditures at year end for site monitoring of \$66,000 (2020 - \$66,000) are for ongoing ground water and soils monitoring for remediated oil spill sites in Old Crow and Watson Lake (2020 - Old Crow and Watson Lake).

7. Deferred revenue

	2021	2020
	(thousands of dollars)	
Canada Mortgage and Housing Corporation (CMHC) funding		
- National Housing Strategy	\$ 3,464	\$ 2,214
- Rapid Housing Initiative	3,000	-
- Investment in Affordable Housing	320	851
- Social Infrastructure Fund	248	341
- Yukon First Nations - Multi-unit Residential Building Workshop	145	145
- Northern Funding Agreement	111	613
Unearned rent	199	106
Unearned revenue	40	-
	<u>\$ 7,527</u>	<u>\$ 4,270</u>

\$4,256,100 of the CMHC funding receivable at March 31, 2020 was received during the fiscal year (2020 - \$Nil). At March 31, 2021 \$8,255,000 was receivable (2020 - \$8,474,000) and \$3,917,000 was recognized as revenue during the fiscal year (2020 - \$5,622,000).

Unearned rent relates to prepayments made by tenants for future months.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2021

8. Long-term debt

	Stated <u>interest rates</u> %	<u>2021</u> (thousands of dollars)	<u>2020</u> (thousands of dollars)
Mortgages payable to chartered banks and CMHC (guaranteed by the Government of Yukon) Loans with a variety of terms, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2028, secured by fixed charges against housing projects with net book value of \$2,259,174 (2020 - \$2,317,073).	1.99 - 2.81	\$ 1,089	\$ 1,462
Loans payable to chartered banks and CMHC (guaranteed by the Government of Yukon) Unsecured loans repayable in blended periodic installments at fixed rates of interest to maturity and with maturities up to 2028.	7.5 - 9.5	624	719
Loans payable to the Government of Yukon Repayable without interest in periodic instalments to 2027.	0.00	9,153	9,418
Land sales agreements due to the Government of Yukon, unsecured Repayable without interest in periodic instalments to 2025.	0.00	1,596	6,407
Total long-term debt		<u>\$ 12,462</u>	<u>\$ 18,006</u>

The mortgages and loans payable bear interest at the following weighted average interest rates:

	<u>2021</u>	<u>2020</u>
Mortgages payable to chartered banks and CMHC	2.46%	2.44%
Loans payable to chartered banks and CMHC	7.90%	7.88%

Principal repayments required over the next five years are as follows:

	<u>Loans Payable</u>				<u>Total</u>
	<u>Mortgages Payable</u>	<u>Banks and CMHC</u>	<u>Government of Yukon</u>	<u>Land Sales Agreements</u>	
	(thousands of dollars)				
2022	\$ 355	\$ 102	\$ 253	\$ 263	\$ 973
2023	354	110	250	863	1,577
2024	129	119	250	290	788
2025	54	128	250	180	612
2026	55	139	5,150	-	5,344
Thereafter	142	26	3,000	-	3,168
Total	<u>\$ 1,089</u>	<u>\$ 624</u>	<u>\$ 9,153</u>	<u>\$ 1,596</u>	<u>\$ 12,462</u>

At March 31, 2021, the Corporation did not have any outstanding Government of Yukon Land Sales Agreements principal payments.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2021

9. Post-employment benefits

The Corporation provides post-employment benefits to its employees based on years of service and salary. These benefits consist of severance benefits and unused sick and vacation leave.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations or other sources of revenue.

The results measured at March 31 are summarized as follows:

	2021	2020
	(thousands of dollars)	
Accrued benefit liability, beginning of year	\$ 2,241	\$ 2,137
Receipt from Government departments for staff transfers	196	10
Add: Post-employment benefits expenses		
Current service costs	199	212
Interest on accrued benefit liability	71	74
Amortization of net actuarial (gains)losses	(16)	22
Less: Benefits paid during the year	(518)	(61)
Plan amendment	-	(153)
Accrued benefit liability, end of year	2,173	2,241
Unamortized net actuarial gain	(44)	(480)
Accrued benefit obligation, end of year	<u>\$ 2,129</u>	<u>\$ 1,761</u>

The significant actuarial assumptions were:

	2021	2020
Discount rate	3.20%	3.80%
Inflation	2.00%	2.00%
Expected average remaining service life of active employees	11.6 years	11.6 years
Seniority and Promotional Salary Increases - based on the annual rates from the Public Service Pension Plan	March 31, 2017 valuation report	March 31, 2017 valuation report

The most recent actuarial valuation made for these post-employment benefits was as of March 31, 2020. The next required valuation would be as of March 31, 2023.

Included in the total accrued benefit obligation at March 31, 2021 are vacation leave of \$571,000 (2020 - \$541,000) and accumulated sick leave of \$421,000 (2020 - \$376,000).

The post employment benefit expense for the year is \$450,000 (2020 - \$318,000)



Yukon Housing Corporation
Notes to the financial statements
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10. Retirement benefits

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.01 (2020 - \$1.01) for every dollar contributed by the employee, and \$3.59 (2020 - \$3.80) for every dollar contributed by the employee for the portion of the employee's salary above \$181,600 (2020 - \$173,000). For new employees who are participating in the Plan on or after January 1, 2013, the Corporation contributes \$1.00 (2020 - \$1.00) for every dollar contributed by the employee, and \$3.59 (2020 - \$3.80) for every dollar contributed by the employee for the portion of the employee's salary above \$181,600 (2020 - \$173,000).

Contributions during the year were as follows:

	2021	2020
	(thousands of dollars)	
Employer's contribution	\$ 579	\$ 569
Employees' contribution	567	535

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan benefits and they are indexed to inflation.

11. Advances - Government of Yukon

Advances from the Government of Yukon represent a series of working capital advances by the Government of Yukon to the Corporation. These advances are repayable on demand and without interest.

	2021	2020
	(thousands of dollars)	
Balance at beginning of year	\$ 31,835	\$ 24,970
Cash advanced during the year	30,776	21,245
Operations and maintenance transfer payment	(6,108)	(5,158)
Capital transfer payment	(17,412)	(9,222)
	<u>7,256</u>	<u>6,865</u>
Balance at end of year	<u>\$ 39,091</u>	<u>\$ 31,835</u>



Yukon Housing Corporation
Notes to the financial statements
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12. Tangible capital assets

			2021	2020
			(thousands of dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,814	\$ -	\$ 4,814	\$ 4,814
Social housing	124,127	47,123	77,004	71,323
Staff housing	22,089	13,210	8,879	8,739
Office building	1,954	1,508	446	496
Other facilities	538	536	2	3
Furnishings and equipment	3,473	1,607	1,866	1,686
Computer systems	295	295	-	53
(Schedule B)	<u>\$ 157,290</u>	<u>\$ 64,279</u>	<u>\$ 93,011</u>	<u>\$ 87,114</u>

At March 31, 2021, there were construction projects in progress in the amount of \$7,979,000 (2020 - \$1,112,000). There was no interest incurred for the construction of tangible capital assets in the current year or previous year.

Included in the cost of land are 13 vacant lots with a carrying value of \$76,000.

13. Expenses by object

	2021	2020
	(thousands of dollars)	
Materials, supplies and utilities	\$ 10,326	\$ 9,168
Transfer payments (Grants/Program advances)	9,581	9,787
Personnel, training and post-employment benefits	7,799	7,645
Amortization	3,917	3,577
Other	2,392	2,382
Communication and transportation	383	476
Contract and special services	272	301
Interest on long-term debt	82	99
	<u>\$ 34,752</u>	<u>\$ 33,435</u>

14. Financial instruments

The balances in Cash, Accounts receivable, Due from the Government of Yukon, and Accounts payable and accrued liabilities have fair values that approximate their carrying amount due to their short term to maturity.

Fair value information is not disclosed for Advances - Government of Yukon (Note 11) because it arose as a result of related party transactions and bears no interest. There is no active market for such instruments.

The fair values of the Corporation's mortgages and loans receivable and long-term debt were based on management's best estimates and were determined using the present value of future cash flows discounted at the March 31, 2021 estimated market rate for mortgages and loans with similar maturities.



Yukon Housing Corporation
Notes to the financial statements
for the year ended March 31, 2021

14. Financial instruments (continued)

The carrying amount and estimated fair values of mortgages and loans receivable and long-term debt are as follows:

	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(thousands of dollars)			
Mortgages and loans receivable				
Mortgages receivable net of allowances	\$ 37,556	\$ 38,931	\$ 39,772	\$ 39,606
Land sales agreements receivable	1,596	1,766	5,908	6,101
	<u>\$ 39,152</u>	<u>\$ 40,697</u>	<u>\$ 45,680</u>	<u>\$ 45,707</u>
Long-term debt				
Loans payable to the Government of Yukon	9,153	7,235	9,418	6,803
Land sales agreements due to the Government of Yukon	1,596	1,498	6,407	5,794
Mortgages payable to chartered banks and CMHC	1,089	825	1,462	1,184
Loans payable to chartered banks and CMHC	624	655	719	755
	<u>\$ 12,462</u>	<u>\$ 10,213</u>	<u>\$ 18,006</u>	<u>\$ 14,536</u>

These financial instruments do not have active markets.

Until settled, the fair value of mortgages and loans receivable and long-term debt will fluctuate with changes in interest rates. Management believes the carrying amount of mortgages and loans receivable will be fully recovered.

15. Related party transactions and balances

In addition to those related party transactions disclosed elsewhere in these financial statements (Notes 8, 11 and 17), the Corporation enters into transactions with related entities in the normal course of business.

(a) Due from the Government of Yukon

	2021	2020
	(thousands of dollars)	
Accounts payable	\$ (1,693)	\$ (976)
Accounts receivable	430	68
Amount due re: Canada - Yukon Low Carbon Economy Fund	3,159	1,095
Net amount due from the Government of Yukon	<u>\$ 1,896</u>	<u>\$ 187</u>

(b) Other transactions

The Government of Yukon provides life insurance and medical benefits to the Corporation's retired personnel, which are provided without charge and not recorded in the financial statements.

The value of administrative services provided by the Government of Yukon to the Corporation is estimated in 2021 to be \$28,238 (2020 - \$27,900). The value of territorial agent services provided by the Corporation to the Government of Yukon for 2021 is estimated to be \$122,970 (2020 - \$132,700). These services are provided without charge and not recorded in the financial statements.



15. Related party transactions and balances (continued)

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimbursed the Government for personnel expenses (Note 13 and Schedule A) paid of \$8,080,000 during 2021 (2020 - \$8,152,000) which are recorded at the exchange amount.

In 2008, the Corporation entered into an agreement with the Government of Yukon for the use of a 48 unit seniors' social housing constructed as part of the Athletes' Village in Whitehorse. The Corporation is responsible for the operation and maintenance of the facility. The value of services provided without charge, relating to the use of this building by the Corporation, is estimated in 2021 to be \$502,000 (2020 - \$502,000) based on the Government of Yukon's amortization expense.

During 2021, the Corporation was charged \$1,007,000 (2020 - \$517,000) by the Government of Yukon for information technology support services, office rental, office supplies, computer software licensing, vehicle rental services and other upgrades. These charges are recorded at the exchange amount.

At the end of 2021, the Corporation has re-imbursed Government of Yukon, Highways and Public Works (HPW), for the scope and design of the Old Crow multi use facility project that HPW is managing on behalf of the Corporation and Health and Social Services.

16. Contractual obligations and contingencies

	<u>2021</u>	<u>2020</u>
	(thousands of dollars)	
Outstanding contractual obligations to complete the funding of mortgages receivable at end of year	\$ 2,522	\$ 2,085
Outstanding contractual obligations to complete agreements and contract commitments at end of year	18,718	8,729
Annual subsidies to private social housing organizations	375	375
	<u>21,615</u>	<u>11,189</u>

Of the \$21,615,000 in outstanding contractual obligations, \$20,971,000 will be paid in 2021-22 fiscal year (\$9,441,000 in 2020-21) with the remainder to be paid in future years.

In the normal course of operations, the Corporation is subject to legal claims and possible claims. While the outcome of legal claims or possible claims is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually or in the aggregate, the probable ultimate resolution of all legal claims and possible claims will not have a material financial impact on the Corporation's financial position, results of its operations or its cash flows.

Pursuant to an agreement signed with CMHC in 1998, the Corporation is liable for a mortgage payable by the Whitehorse Housing Co-operative Association Limited (the Co-operative) in the event of a default. The mortgage matures on July 1, 2025 and the amount payable as at March 31, 2021 was \$398,000 (2020 - \$479,000). Management believes that the Corporation would be able to repay the mortgage in full through the sale of the Co-operative's assets (against which the mortgage is made) in the event of a default.



Yukon Housing Corporation
Notes to the financial statements
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17. Contractual rights

The Corporation has contractual rights for the following payments subsequent to March 31, 2021:

	Expiry Date	2022	2023-2030	Total
(thousands of dollars)				
CMHC Social Housing Agreement	2030	\$ 3,594	\$ 14,577	\$ 18,171
CMHC Bilateral Agreement				
CMHC Northern Housing	2028	2,400	14,400	16,800
CMHC Canada Community Housing	2028	239	10,059	10,298
CMHC Yukon Priorities Housing	2027	900	3,811	4,711
CMHC Canada Housing Benefit	2028	933	7,755	8,688
Canada - Yukon Low Carbon Economy Leadership Fund (Government of Yukon)	2024	2,771	5,602	8,373
		<u>\$ 10,837</u>	<u>\$ 56,204</u>	<u>\$ 67,041</u>

18. Bad debts write-offs

Section 14(4) of the *Financial Administration Act* of Yukon requires accounts written off during the fiscal year to be reported in the Public Accounts of Yukon. There were no bad debts written off during the current year and previous four years.

19. Prepaid Expense

	2021	2020
(thousands of dollars)		
Prepaid Expense		
Prepaid Lease	\$ 3,325	\$ -
Other	73	133
	<u>\$ 3,398</u>	<u>\$ 133</u>

The Corporation has prepaid \$3.3 million to lease 10 units for the next twenty years in the Normandy Manor development project. The lease will start when project is complete.

20. Subsequent events

Options for Independence Society of Yukon (OFI) is a non-profit organization which provides supportive housing to adults with Fetal Alcohol Spectrum Disorder (FASD). In 2012, OFI entered into a loan agreement with the Corporation to build an apartment in Whitehorse to provide supportive housing to adults with FASD. In 2019, OFI Board of Directors and the Yukon Government consulted on the impacts of mortgage payments on OFI's operational budget. It was decided that a transfer of ownership would occur from OFI to the Corporation with the Corporation receiving the building as a capital asset appraised at approximately \$2.3 million. The Corporation would then discharge mortgage encumbrance worth approximately \$1.8 million, thereby decreasing loans receivable and could result in an approximate \$0.5 million gain. The transfer of ownership and discharge was finalized in April of 2021. OFI will continue to use the space to provide housing with supports and programming for people with FASD. As part of an arrangement with Government of Yukon, the Corporation will not charge OFI for rent but will charge Health & Social



Yukon Housing Corporation
Notes to the financial statements
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20. Subsequent events (continued)

During the summer of 2021, the Corporation purchased the Lakeview Apartments property from the Town of Watson Lake for the nominal sum of \$1 after supportive housing needs were identified in the community. Due to structural deficiencies, the building will be demolished and a hazardous material abatement, including the partial remediation of contaminated soil, will be completed at an estimated cost of \$560,000 by the end of November 2021. Management has estimated the construction costs of the new housing complex to be \$4,500,000, with construction beginning in the spring of 2022 and an anticipated completion date in the of spring of 2023. As part of the Corporation's Budgeted Main Estimates for 2021-22, \$1,500,000 has been allocated to the project.

21. Impacts of Covid-19

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic and since April 1, 2020 the preventive measures associated with the pandemic were still in place. The Corporation provided a number of relief measures to ensure that its partners and clients were assisted during this period.

Rent Assist:

In May 2020, the Corporation announced a new COVID-19 Rent Assist program for tenants living in private non-subsidized market rental housing in Yukon who have lost 30% or more of their income due to COVID-19. Tenants are eligible to receive a grant of 50% of median market rent based on unit size. This short-term program was available to tenants from April 1, 2020 to September 30, 2020. Management calculated the cost of the program to be \$433,000.

Rent reduction:

If a tenant client lost income due to the pandemic, they may be able to have their rent reassessed. During 2020-21, 98 out of 714 clients have requested to have their rent reassessed. The program started March 24, 2020 and ended as of December 31, 2020. Management estimates the revenue loss associated with this program in 2020-21 to be \$136,500. The Corporation would not recover these amounts resulting in loss of revenue in future periods.

Deferred loan payments:

If the Corporation's loan or mortgage client was unable to make a payment due to the pandemic, they may request a deferral of their payment. The program started March 24, 2020 and ended in May 2021. In the first twelve months of the program, 38 loan or mortgage clients requested deferrals of payments totaling \$150,000. These actions will impact the Corporation's cash flow in future periods but the loan principal amount and interest for such loan deferrals would be collectible at a future date. As of March 31, 2021, only two loan clients with a total payment value of \$4,000 have not yet resumed their payment plans. The Corporation did not see a significant impact on the allowance for doubtful accounts.

Project extension:

The Corporation will also extend deadlines for loans and grants if clients cannot meet their project's timeline. The Corporation also waived the requirement for pre-approved loans clients to submit quotes for work to be done within 90 days. The program started March 24, 2020 and ended as of May 1, 2021.

The Corporation is not receiving any additional funding from the Government of Yukon for any of these relief measures.



Yukon Housing Corporation

Schedule of Program Costs, Corporate Services Costs and Administration Expenses
for the year ended March 31, 2021

Schedule A

	2021	2020
	(thousands of dollars)	
Social and staff housing operations		
General maintenance	\$ 5,352	\$ 4,544
Personnel	4,108	3,572
Utilities	3,240	2,910
Property taxes	1,130	1,082
Building services - in-kind (Note 15(b))	502	502
Write-down of / loss on disposal of tangible capital assets	252	160
Bad debts - tenant receivable	110	55
Housing program administration	104	159
Interest on long-term debt	82	99
Property rentals	2	-
	<u>\$ 14,882</u>	<u>\$ 13,083</u>
Lending and grant programs		
Affordable housing contributions	\$ 8,847	\$ 8,762
Personnel	407	784
Northern housing trust grants and contracts	194	500
Concessionary loans discount	84	-
Bad debts - loans receivable	78	90
Community partnering contributions	39	66
Program materials	1	19
	<u>\$ 9,650</u>	<u>\$ 10,221</u>
Corporate services		
Personnel	\$ 2,340	\$ 2,323
Information technology systems and support	337	196
Professional fees	45	31
	<u>\$ 2,722</u>	<u>\$ 2,550</u>
Administration		
Personnel, training and post-employment benefits	\$ 945	\$ 966
Communications	221	236
Travel and transportation	162	240
Professional fees	146	166
Office space	111	195
Rentals - office and equipment	90	87
Office and sundry	88	111
Boards and committees	81	104
Program promotion	54	74
	<u>\$ 1,898</u>	<u>\$ 2,179</u>



Yukon Housing Corporation
 Schedule of Tangible Capital Assets
 for the year ended March 31, 2021

Schedule B

	Land	Social Housing	Staff Housing	Office Building	Other Facilities	Furnishings and Equipment	Computer Systems	2021 Total	2020 Total
(thousands of dollars)									
Cost of tangible capital assets at beginning of year ¹	\$ 4,814	\$ 115,699	\$ 21,543	\$ 1,954	\$ 538	\$ 3,075	\$ 295	\$ 147,918	\$ 145,466
Acquisitions ¹	-	8,733	927	-	-	406	-	10,066	4,311
Write-downs	-	(77)	(146)	-	-	-	-	(223)	-
Disposals	-	(228)	(235)	-	-	(8)	-	(471)	(1,859)
Cost of tangible capital assets at end of year ¹	4,814	124,127	22,089	1,954	538	3,473	295	157,290	147,918
Accumulated amortization at beginning of year	-	44,376	12,804	1,458	535	1,389	242	60,804	58,850
Amortization	-	2,953	638	50	1	222	53	3,917	3,577
Disposals	-	(206)	(232)	-	-	(4)	-	(442)	(1,623)
Accumulated amortization at end of year	-	47,123	13,210	1,508	536	1,607	295	64,279	60,804
Net book value¹	\$ 4,814	\$ 77,004	\$ 8,879	\$ 446	\$ 2	\$ 1,866	\$ -	\$ 93,011	\$ 87,114
Construction in progress	\$ -	\$ 7,946	\$ 33	\$ -	\$ -	\$ -	\$ -	\$ 7,979	\$ 1,112

¹ Includes construction in progress

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YUKON LIQUOR CORPORATION

FINANCIAL STATEMENTS

March 31, 2021

(audited)

YUKON LIQUOR CORPORATION

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Year Ended March 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Liquor Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The accompanying financial statements as at March 31, 2021 include amounts based on management's best estimates as determined through experience and judgment, are prepared in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

These financial statements have been independently audited by the Corporation's external auditor, the Auditor General of Canada, and the audit report is included in this report.



Dennis Berry
President



Luzella Nagel
Director, Finance & Information
Management

July 07, 2021



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Yukon Liquor Corporation

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Yukon Liquor Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Qualified Opinion on the Financial Performance

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying statement of comprehensive income presents fairly, in all material respects, the financial performance of the Corporation for the year ended 31 March 2021 in accordance with International Financial Reporting Standards (IFRSs).

Opinion on the Financial Position and Cash Flows

In our opinion, the accompanying statements of financial position and cash flows present fairly, in all material respects, the financial position of the Corporation as at 31 March 2021 and its cash flows for the year then ended in accordance with IFRSs.

Basis for Opinions, Including Basis for Qualified Opinion on the Financial Performance

On 11 March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). As a result, measures were put in place that impacted our ability to observe the counting of physical inventories as at 31 March 2020. We were also unable to satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories enter into the determination of the financial performance, we were unable to determine whether any adjustments might have been necessary in respect of the cost of goods sold reported in the statement of comprehensive income for the year ended 31 March 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the financial position and cash flows and our qualified opinion on the financial performance.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Yukon Liquor Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of Yukon and regulations, the *Liquor Act* and regulations, the *Liquor Tax Act* and regulations, the *Cannabis Control and Regulation Act* and regulations, and the by-laws of the Yukon Liquor Corporation.

In our opinion, the transactions of the Yukon Liquor Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Liquor Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Yukon Liquor Corporation and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Yukon Liquor Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Yukon Liquor Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
7 July 2021

YUKON LIQUOR CORPORATION
Statement of Financial Position
As at March 31

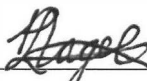
	2021	2020
	(in thousands of Canadian dollars)	
ASSETS		
CURRENT		
Cash	\$ 1,882	\$ 3,645
Accounts receivable	120	55
Inventories (Note 5)	3,546	3,724
Prepaid expenses	27	-
	5,575	7,424
Property, plant and equipment (Note 6)	2,148	2,176
Intangible assets (Note 7)	-	22
Right-of-use assets (Note 17)	967	1,277
	967	1,277
TOTAL ASSETS	\$ 8,690	\$ 10,899
LIABILITIES AND EQUITY		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 1,424	\$ 3,293
Deferred revenue	106	105
Due to the Government of Yukon (Note 9)	1,750	1,704
Current portion of lease liabilities (Note 17)	309	303
Deferred government grant (Note 16)	133	181
	3,722	5,586
Non-pension benefit liability (Note 10)	1,657	1,635
Lease liabilities (Note 17)	675	983
	675	983
TOTAL LIABILITIES	6,054	8,204
Equity	2,636	2,695
TOTAL LIABILITIES AND EQUITY	\$ 8,690	\$ 10,899

Commitments (Note 18)

APPROVED FOR ISSUE ON JULY 7, 2021



President



Director, Finance & Information Management

The accompanying notes and schedule are an integral part of these financial statements.

YUKON LIQUOR CORPORATION
Statement of Comprehensive Income
For the year ended March 31

	2021	2020
	(in thousands of Canadian dollars)	
Revenue (Note 14)	\$ 47,650	\$ 46,531
Cost of goods sold (Note 15)	28,183	26,187
GROSS PROFIT	19,467	20,344
OTHER INCOME		
Government grant (Note 16)	49	195
Miscellaneous	55	180
Gain on disposal of property, plant and equipment	-	168
Fees, permits and licenses	88	168
Total other income	192	711
EXPENSES		
Salaries, wages and benefits	8,009	7,978
Rent, utilities and maintenance	847	924
Professional services	741	572
Bank charges	585	567
Depreciation of property, plant and equipment	393	463
Depreciation of right-of-use assets	310	272
Travel and communications	207	269
Other	204	247
General and office supplies	82	103
Interest on lease liabilities	24	23
Amortization of intangible assets	22	22
Total expenses	11,424	11,440
INCOME FROM OPERATIONS	8,235	9,615
OTHER COMPREHENSIVE INCOME, NOT TO BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME		
Actuarial loss (Note 10)	(102)	(207)
COMPREHENSIVE INCOME	\$ 8,133	\$ 9,408

The accompanying notes and schedule are an integral part of these financial statements.

YUKON LIQUOR CORPORATION
Statement of Changes in Equity
For the Year Ended March 31, 2021

	2021	2020
	(in thousands of Canadian dollars)	
EQUITY - BEGINNING OF YEAR	\$ 2,695	\$ 2,911
Net income before other comprehensive income	8,235	9,615
Other comprehensive income	(102)	(207)
Profit to be remitted to the Government of Yukon (<i>Note 13</i>)	<u>(8,192)</u>	<u>(9,624)</u>
EQUITY - END OF YEAR	<u>\$ 2,636</u>	<u>\$ 2,695</u>

The accompanying notes and schedule are an integral part of these financial statements.

YUKON LIQUOR CORPORATION
Statement of Cash Flows
For the Year Ended March 31, 2021

	2021	2020
	(in thousands of Canadian dollars)	
OPERATING ACTIVITIES		
Cash receipts:		
Sales	\$ 47,588	\$ 46,519
Fees, permits and licenses and miscellaneous	143	363
Cash disbursements:		
Purchases of inventories	(29,861)	(25,916)
Salaries, wages and benefits	(8,085)	(7,768)
General and administrative expenses	(2,661)	(2,563)
Cash flow from operating activities	<u>7,124</u>	<u>10,635</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(364)	(320)
Proceeds on disposal of property, plant and equipment	-	210
Cash flow used by investing activities	<u>(364)</u>	<u>(110)</u>
FINANCING ACTIVITIES		
Remittance of profit to the Government of Yukon	(8,173)	(10,696)
Payment of lease liabilities	(326)	(263)
Interest paid on lease liabilities	(24)	(23)
Cash flow used by financing activities	<u>(8,523)</u>	<u>(10,982)</u>
DECREASE IN CASH	(1,763)	(457)
Cash - beginning of year	3,645	4,102
CASH - END OF YEAR*	\$ 1,882	\$ 3,645

*Cash, end of year is comprised of bank account balances maintained for liquor and for cannabis operations with end of year balances (in thousands of Canadian dollars) of \$1,295 (2020 - \$2,530) and \$587 (2020 - \$1,115) respectively.

The accompanying notes and schedule are an integral part of these financial statements.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

1. Authority and operations

Yukon Liquor Corporation (the Corporation) was established in 1977 under the *Liquor Act* by the Government of Yukon in Canada. It is not a "corporation" under the *Business Corporations Act*, but a government entity and is significantly influenced by the Government of Yukon. As a government entity, the Corporation is exempt from income taxes under Section 149(1)(d) of the Canadian *Income Tax Act*.

The Corporation's registered office is 9031 Quartz Road, Whitehorse, Yukon, Canada Y1A 4P9

Liquor Fund

The Corporation is responsible for the purchase, distribution and sale of liquor within Yukon, controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Liquor Act*. The Corporation operates a central warehouse and distribution centre in Whitehorse and six liquor stores. The rural liquor stores also provide specific government services on behalf of the Government of Yukon.

In accordance with the *Liquor Act*, the profit from liquor operations for the year, before depreciation, less amounts expended on property, plant and equipment, is remitted to the Government of Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of Yukon and to remit these taxes on a monthly basis. The current rate is 12% (2020 - 12%) and is applied to selling prices of all liquor products.

In accordance with the provisions of the Beverage Container Regulations under the *Environment Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Government of Yukon on a monthly basis.

Cannabis Fund

The Corporation is responsible for the purchase, distribution and sale of cannabis within Yukon through licensees and a retail store that was operational from October 2018 to October 2019. The *Cannabis Control and Regulation Act* received assent on April 24, 2018 and governs the distribution, retail, consumption, personal cultivation and possession of non-medical cannabis in Yukon. Through Order-in-Council 2018/107, the Corporation is designated as the distributor corporation, to act as the principal supplier of cannabis for sale in Yukon.

In accordance with the *Cannabis Control and Regulation Act*, the profit from cannabis operations for the year, before depreciation, less amounts expended on property, plant and equipment, is remitted to the Government of Yukon.

2. Basis of presentation

These financial statements have been prepared on a historical cost basis, in accordance with International Financial Reporting Standards (IFRSs). The statements are presented in Canadian dollars and are rounded to the nearest thousand (\$000) where indicated.

3. Significant accounting policies

The significant accounting policies summarized below have been applied to all periods presented in these financial statements.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

3. Significant accounting policies (continued)

(a) Use of estimates

The preparation of financial statements in accordance with IFRSs requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used when accounting for matters such as depreciation based on management's estimate of the useful lives of property, plant and equipment, and the non-pension benefit liability based on the actuarial valuation. Actual results could differ materially from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(b) Financial instruments

Financial assets

The Corporation's financial assets include cash and accounts receivable and are initially measured at fair value.

After initial recognition, cash is measured at amortized cost and accounts receivable are measured at amortized cost using the effective interest method, less a provision for impairment when applicable. Accounts receivable are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. For accounts receivable, the Corporation applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables. The accounts receivable carrying amount is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income.

A financial asset is derecognized when the contractual rights to the cash flows from the asset have expired, or when the asset and all substantial risks and rewards are transferred.

Financial liabilities

The Corporation's financial liabilities include accounts payable and accrued liabilities, and due to the Government of Yukon and are initially measured at fair value.

After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. A financial liability is derecognized when the obligation is discharged, cancelled, or expires.

The Corporation's financial liabilities includes lease liabilities, see note 3 (j) for measurement.

(c) Inventories

Inventories are comprised of alcoholic beverages and cannabis for resale and are valued at the lower of cost and net realizable value. Inventory costs are determined on a first-in, first-out basis. Cost is comprised of supplier-invoiced value and freight. Net realizable value represents the estimated selling price for inventories less the cost to sell.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

3. Significant accounting policies (continued)

(d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Land	Indefinite
Buildings	20 years
Leasehold improvements	5 years
Furniture and office equipment	5 years
Operating equipment	15 years
Heavy equipment	5 years
Systems development	5 years
Systems equipment	5 years

The assets' residual values, estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other income - miscellaneous' in the statement of comprehensive income.

Assets are assessed for indications of impairment at each reporting date. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units), which are based on the Corporation's individual stores.

At each reporting date, assets are assessed for indications that prior impairment losses should be reversed. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized. This reversal would be recognized immediately in the statement of comprehensive income.

(e) Intangible assets

Intangible assets are comprised of internally developed software systems. They are carried at cost less accumulated depreciation and impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful life of 3 years. The estimated useful life and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use. Gains or losses from de-recognition on an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized within 'other income - miscellaneous' in the statement of comprehensive income.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

3. Significant accounting policies (continued)

(f) Employee benefits

Non-pension benefits

Under their conditions of employment, employees may qualify for and earn employment benefits for vacation, sick, and special leave, as well as severance benefits. The benefit obligation is determined on an actuarial basis. The cost of these benefits are accrued as employees render the services required to earn them and are calculated using the projected benefit method prorated on service. Actuarial gains and losses are recognized immediately in other comprehensive income. Other retirement benefits include extended health care and life insurance for retirees, which are paid by the Government of Yukon and not accrued for or expensed by the Corporation.

Pension benefits

Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

(g) Revenue recognition

Revenue is generated from sales to customers through wholesale and retail stores for liquor products as well as through retail stores and e-commerce for cannabis products. Revenue is recognized when the customer obtains control of the asset which is when the Corporation's performance obligations are satisfied. For retail transactions, this is at the point of sale and for wholesale transactions, this is at the time of shipment. Revenue does not include beverage container recycling fees which are remitted to the Government of Yukon in accordance with the Beverage Container Regulations. Revenue also excludes liquor tax which is remitted to the Government of Yukon in accordance with the *Liquor Tax Act*. Licence revenue is initially recognized as deferred revenue and recognized to revenue over the term of the related licence.

Sales of liquor and cannabis products include a right of return. A refund liability is recognized if it is expected that consideration will be refunded to customers. This liability is updated at the end of each reporting period for changes in circumstances. Revenue is stated net of estimated returns. Historically, the return rate for products sold is nominal.

(h) Government grants

Government grants received from the Government of Yukon are recognized in the period in which the funding is committed by the Government of Yukon and when the terms and eligibility of the expenses have been met.

Grants received related to operating expenditures are presented as other income in the statement of comprehensive income.

Grants received for the purpose of purchasing property, plant and equipment or intangible assets are recognized initially as deferred government grant. Deferred government grant is then recognized straight-line over the estimated useful life of the related purchased asset.

(i) Expense recognition

Expenses are recognized as incurred, on an accrual basis, in the period to which they relate.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

3. Significant accounting policies (continued)

(j) Leases

For any new contracts entered into, the Corporation considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition the Corporation assesses whether the contract meets three key evaluations which are whether :

- (a) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation;
- (b) the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- (c) the Corporation has the right to direct the use of the identified asset throughout the period of use. The Corporation assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

At lease commencement date, the Corporation recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Corporation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Corporation also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Corporation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Corporation's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets and lease liabilities have been disclosed separately.

The Corporation has elected to account for short-term leases (leases with an expected term of 12 months or less) and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

4. Financial instruments

The Corporation, through its financial assets and liabilities, is exposed to the following risks from its use of financial instruments: credit risk and liquidity risk. The Corporation manages these risk exposures on an ongoing basis. The Corporation has no significant exposure to interest rate risk or foreign exchange risk. The Corporation is not party to any derivative financial instruments. The following analysis provides information about the Corporation's risk exposure and concentration as of March 31, 2021.

Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a financial instrument fails to meet its obligation. The carrying amount of cash and accounts receivable represents the maximum credit risk exposure. The risk on cash is minimized as these assets are held with a Canadian chartered bank. The Corporation's accounts receivable has a carrying value of \$120,000 as of March 31, 2021 (2020 - \$55,000). There is a 7% (2020 - 26%) concentration of accounts receivable with one customer.

The following table provides information about the exposure to credit risk for trade accounts receivable by days the receivable is outstanding:

	2021	2020
	(in thousands of Canadian dollars)	
Current	\$ 120	\$ 53
91 days or greater	-	2
Total trade accounts receivable	\$ 120	\$ 55

The Corporation measures the loss allowance at an amount equal to the lifetime Expected Credit Loss (ECL) for its accounts receivable. For the years ended March 31, 2021 and 2020, the Corporation has estimated the ECL to be nominal. Accounts written off could still be subject to enforcement activities. No accounts are written off directly to the provision for credit losses. As at March 31, 2021 and 2020, the loss allowance was nil.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's objective is to have sufficient liquidity to meet these liabilities when due. The Corporation monitors its cash balances and cash flows generated from operations to meet its requirements by regularly checking bank balances and accounts payable reports. The carrying amount of accounts payable and accrued liabilities and due to the Government of Yukon represents the maximum exposure to liquidity risk.

The Corporation's accounts payable and accrued liabilities had a carrying value of \$1,424,000 as at March 31, 2021 (2020 - \$3,293,000). As at March 31, 2021, approximately 1.74% (2020 - 22.7%) of accounts payable were over 90 days past due. Due to the Government of Yukon had a carrying value of \$1,750,000 as of March 31, 2021 (2020 - \$1,704,000). As at March 31, 2021 approximately 1% (2020 - 0%) of due to the Government of Yukon were over 90 days past due.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant other price risks arising from these financial instruments.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

5. Inventories

	2021	2020
	(in thousands of Canadian dollars)	
Liquor		
Beer	\$ 1,047	\$ 1,083
Spirits	1,318	1,027
Wine	820	938
Total liquor inventories	3,185	3,048
Cannabis		
Dried	278	535
Edibles and other	21	71
Extracts	62	70
Total cannabis inventories	361	676
Total inventories	\$ 3,546	\$ 3,724

6. Property, plant and equipment

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
	(in thousands of Canadian dollars)			
Land	\$ 202	\$ -	\$ 202	\$ 202
Buildings	5,407	4,662	745	753
Leasehold improvements	381	368	13	7
Furniture and office equipment	978	690	288	354
Operating equipment	455	296	159	75
Heavy equipment	725	303	422	420
Systems development	539	413	126	159
Systems equipment	651	458	193	206
Schedule 1	\$ 9,338	\$ 7,190	\$ 2,148	\$ 2,176

7. Intangible assets

	2021	2020
	(in thousands of Canadian dollars)	
Web development	\$ 67	\$ 67
Accumulated depreciation	(67)	(45)
	\$ -	\$ 22

Depreciation for the year amounted to \$22,420 (2020 - \$22,420).

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

8. Accounts payable and accrued liabilities

	2021	2020
	(in thousands of Canadian dollars)	
Trade payable	\$ 611	\$ 1,511
Accrued liabilities	634	1,544
Current portion of non-pension benefit liability	179	238
	\$ 1,424	\$ 3,293

9. Due to the Government of Yukon

	2021	2020
	(in thousands of Canadian dollars)	
Reimbursement for costs paid on behalf of the Corporation	\$ 968	\$ 940
Remittances due (from) to the Government of Yukon pursuant to <i>Liquor Act</i> (Note 13)	221	(84)
<i>Cannabis Control and Regulation Act</i> (Note 13)	41	327
<i>Liquor Tax Act</i> (Note 13)	398	403
<i>Environment Act</i> - Beverage Container Regulations	122	118
	\$ 1,750	\$ 1,704

10. Employee benefits

Pension plan

Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end was \$1.01 (2020 - \$1.01) for every dollar contributed by the employee, and \$3.59 (2020 - \$3.80) for every dollar contributed by the employee for the portion of the employee's salary above \$181,600 (2020 - \$173,000). For new employees who are participating in the plan on or after January 1, 2013, the Corporation contributes \$1.00 (2020 - \$1.00) for every dollar contributed by the employee, and \$3.59 (2020 - \$3.80) for every dollar contributed by the employee for the portion of the employee's salary above \$181,600 (2020 - \$173,000). Total contributions to the Plan of \$1,047,378 (2020 - \$1,015,044) were recognized in salaries, wages and benefits; of which \$516,223 (2020 - \$496,651) were contributed by employees and \$531,155 (2020 - \$518,392) by the employer.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Non-pension benefits

The Corporation provides non-pension benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The discount rate used to determine the present value of the non-pension benefit liability is based on interest rates of high-quality corporate bonds of the same currency and with similar terms to maturity.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

The following table summarizes non-pension benefits by type:

	2021	2020
	<u>(in thousands of Canadian dollars)</u>	
Severance benefit	\$ 839	\$ 1,013
Vacation and special leave	706	596
Sick leave	291	264
	<u>1,836</u>	<u>1,873</u>
Accrued benefit obligation, end of year	<u>\$ 1,836</u>	<u>\$ 1,873</u>

The results measured at March 31 are summarized as follows:

	2021	2020
	<u>(in thousands of Canadian dollars)</u>	
<u>Reconciliation of accrued benefit obligation</u>		
Accrued benefit obligation, beginning of year	\$ 1,873	\$ 1,553
Components recognized in salaries, wages and benefits		
Current service cost	229	145
Past service cost	(191)	21
Interest cost on accrued benefit obligation	75	54
Plan amendment	-	(27)
Actuarial loss recognized in other comprehensive income	102	207
Benefits paid	(252)	(80)
Accrued benefit obligation, end of year	<u>\$ 1,836</u>	<u>\$ 1,873</u>

Effective December 31, 2019 all current resignation and retirement severance accruals have been frozen for employees classified as Deputy Ministers and Managers. All employees are eligible to receive severance payouts based on service accrued up to December 31, 2019.

<u>Classification of accrued benefit obligation</u>		
Current portion of non-pension benefit liability	\$ 179	\$ 238
Non-current portion	1,657	1,635
Total accrued benefit classification	<u>\$ 1,836</u>	<u>\$ 1,873</u>

The reduction in the employee sick leave benefits liability over the next twelve months is expected to be \$23,000 (2020 – \$33,000).

	2021	2020
	<u>(in thousands of Canadian dollars)</u>	
<u>Reconciliation of actuarial gains recognized in Other comprehensive income (OCI)</u>		
Cumulative actuarial gain recognized in OCI, beginning of year	\$ (109)	\$ (316)
Actuarial loss from member experiences	14	275
Actuarial loss (gain) from economic assumption changes	88	(68)
Cumulative actuarial gain recognized in OCI, end of year	<u>\$ (7)</u>	<u>\$ (109)</u>

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

The significant assumptions used in the actuarial valuation of the obligation were as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	3.20%	3.80%
Salary escalation rate per annum	2.00%	2.00%

A quantitative sensitivity analysis as at March 31, 2021 shows the impact of the change in the significant actuarial assumptions on the non-pension defined liability obligation:

	<u>1% increase</u>	<u>1% decrease</u>
	<u>(in thousands of Canadian dollars)</u>	
Discount rate	\$ (145)	\$ 163
Salary escalation rate per annum	175	(159)

The most recent full actuarial valuation in respect of this non-pension post-employment benefits plan was prepared as of March 31, 2020. The weighted average of the maturity plan as at March 31, 2021 is 7.7 years.

11. Equity

	<u>2021</u>	<u>2020</u>
	<u>(in thousands of Canadian dollars)</u>	
Property, plant and equipment	\$ 2,148	\$ 2,176
Intangible assets	-	22
Right-of-use assets	967	1,277
Lease liabilities	(984)	(1,285)
Section 12.3(b) adjustment (1)	505	505
Equity, end of year	<u>\$ 2,636</u>	<u>\$ 2,695</u>

The annual change in equity represents net additions, depreciation and amortization of property, plant and equipment, intangible assets, right-of-use assets and lease liabilities, incurred prior to remitting funds to the Government of Yukon (Note 1).

(1) Under Section 12.3(b) of the *Cannabis Control and Regulation Act* remittance of profit to the Government of Yukon for the year ended March 31, 2019 was reduced.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

12. Capital management

The Corporation manages its capital in order to purchase a range of liquor and cannabis products and make them available to consumers, and to regulate the sale and consumption of these products, while optimizing the net proceeds to the Government of Yukon realized from the sale and control of liquor and cannabis.

The Corporation defines capital as net assets. It is subject to the financial management and accountability provisions of the *Financial Administration Act* of Yukon, the *Corporate Governance Act*, the *Liquor Act*, and the *Cannabis Control and Regulation Act*, which specifies that net assets of the Corporation are the property of the Government of Yukon.

The Corporation manages its net assets through its five year capital plan and as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings to ensure that its objectives are achieved effectively. The five year capital plan and revenue projections are approved annually by the Management Board of the Government of Yukon. The Corporation is required to provide regular variance reporting to the Government of Yukon.

The Corporation is not subject to external capital requirements. There has been no change to its capital management during the year.

13. Related party transactions

The Corporation is related to all departments and public agencies of the Government of Yukon. The Corporation enters transactions with these entities in the normal course of business.

Amount due to (from) the Government of Yukon as per the *Liquor Act*

Calculation of adjusted profit due to the Government of Yukon for the year (Note 1):

	2021	2020
	(in thousands of Canadian dollars)	
Comprehensive income for the year	\$ 7,945	\$ 9,237
Depreciation of property, plant and equipment	356	313
Net additions to property, plant and equipment	(350)	(262)
Depreciation of right-of-use assets	310	272
Principal repayments of lease liabilities	(302)	(263)
Current year's profit to be remitted	7,959	9,297
Balance due at the beginning of the year	(84)	841
Less: remitted during the year	(7,654)	(10,222)
Due to (from) the Government of Yukon at the end of the year	\$ 221	\$ (84)

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

13. Related party transactions (continued)

Amount due to the Government of Yukon as per the *Cannabis Control and Regulation Act*
Calculation of adjusted profit due to the Government of Yukon for the year (Note 1):

	2021	2020
	(in thousands of Canadian dollars)	
Comprehensive income for the year	\$ 188	\$ 171
Depreciation of property, plant and equipment, and amortization of intangible assets	59	172
Net additions to property, plant, equipment and intangible assets	(14)	(58)
Disposal of property and equipment (net book value)	-	42
Current year's profit to be remitted	233	327
Balance due at the beginning of the year	327	474
Less: remitted during the year	(519)	(474)
Due to the Government of Yukon at the end of the year	\$ 41	\$ 327

Liquor Tax (Note 1)

	2021	2020
	(in thousands of Canadian dollars)	
Balance due at the beginning of the year	\$ 403	\$ 368
Liquor tax collected during the year	4,979	4,965
Less: remitted during the year	(4,984)	(4,930)
Due to the Government of Yukon at the end of the year	\$ 398	\$ 403

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

13. Related party transactions (continued)

Other transactions

The Government of Yukon and the Corporation provide services to each other without compensation. These transactions are not recorded in the financial statements of the Corporation. The Government of Yukon provides rent-free occupation of several government buildings to the Corporation with an estimated value of \$816,000 (2020 - \$732,690). The Corporation provides Territorial Agent services in rural community liquor stores on behalf of the Government of Yukon with an estimated value of \$513,000 (2020 - \$488,857).

The Corporation reimburses the Government of Yukon on a monthly basis for salaries and benefits expense paid on its behalf and administered by the Government of Yukon. The Government of Yukon also provides mail services with an estimated value of \$28,231 (2020 - \$46,658).

The Corporation has entered into lease agreements for the Haines Junction and Mayo community liquor stores and service level agreements for the three owned community liquor stores in the amount of \$261,000 (2020 - \$274,000) with the Government of Yukon.

The Government of Yukon provides certain property management services to the Corporation. During 2020 the Corporation was charged \$57,000 (2020 - \$nil) for work done on its properties.

The Corporation has entered into service agreements with the Government of Yukon for the provision of information, communication and technology services. During the year the Corporation was charged \$287,000 (2020 - \$311,000) for these services.

The Corporation has entered into a service agreement with the Government of Yukon for the provision of human resources' services. During the year the Corporation was charged \$263,000 (2020 - \$nil) for these services.

Key management compensation

The remuneration of key management personnel, which includes the members of the executive committee, recognized as an expense during the period was:

	2021	2020
	(in thousands of Canadian dollars)	
Salaries and short-term employee benefits	\$ 1,026	\$ 905
Post-employment benefits	159	142
Other long-term employee benefits	13	16
Pre-retirement and severance benefits	-	47

In the prior year, members of the executive committee and managers were included as key management personnel. During the year, management re-evaluated the composition of key management personnel and concluded that it is executive committee members who are key management personnel. As a result, this note discloses remuneration of the executive committee for the year ended March 31, 2021 with comparative figures for the year ended March 31, 2020. This change did not impact any of the financial statements and did not impact any other note disclosures.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

14. Revenue

	2021	2020
	<u>(in thousands of Canadian dollars)</u>	
Liquor		
Beer	\$ 16,553	\$ 18,141
Spirits	16,502	14,821
Wine	8,525	8,706
Total liquor revenue	<u>41,580</u>	<u>41,668</u>
Cannabis		
Dried	4,587	4,318
Extracts	1,174	461
Edibles and other	309	84
Total cannabis revenue	<u>6,070</u>	<u>4,863</u>
Total revenue	<u>\$ 47,650</u>	<u>\$ 46,531</u>

15. Cost of goods sold

	2021	2020
	<u>(in thousands of Canadian dollars)</u>	
Liquor		
Beer	\$ 11,393	\$ 12,081
Spirits	7,764	6,408
Wine	4,375	4,123
Total liquor cost of goods sold	<u>23,532</u>	<u>22,612</u>
Cannabis		
Dried	3,512	3,172
Extracts	896	342
Edibles and other	243	61
Total cannabis cost of goods sold	<u>4,651</u>	<u>3,575</u>
Total cost of goods sold	<u>\$ 28,183</u>	<u>\$ 26,187</u>

16. Deferred government grant

The Corporation received funding from the Government of Yukon during fiscal 2019 for capital expenditures related to cannabis operations. These amounts are being amortized over 5 to 20 years.

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

17. Leases

The Corporation has leases that relate to the Whitehorse, Haines Junction and Mayo liquor stores with lease terms from 1 year up to 5 years. The Corporation does not have an option to purchase the buildings at the expiry of the lease periods. Subsequent to year-end, the Corporation entered into a new contract for a 1 year lease extension to its Mayo liquor store location. The Mayo lease agreement is a short term lease and therefore no right-of-use asset and no lease liability are recognized.

Each lease generally imposes a restriction that, unless there is a contractual right for the Corporation to sublet the asset to another party, the right-of-use asset can only be used by the Corporation. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Corporation is prohibited from selling or pledging the underlying leased assets as security.

The table below describes the nature of the Corporation's leasing activities by type of right-of-use assets recognized on the statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Retail stores	2	2-4 years	3 years	1	0	0	0

	2021 (in thousands of	2020 Canadian dollars)
<u>Payments not included in the measurement of the lease liability:</u>		
Short-term leases	\$ 68	\$ 91

	2021 (in thousands of	2020 Canadian dollars)
<u>Amounts recognized in the statement of comprehensive income:</u>		
Interest paid on lease liabilities	\$ 24	\$ 23
Depreciation on right-of-use assets	310	272
	<u>\$ 334</u>	<u>\$ 295</u>

YUKON LIQUOR CORPORATION
Notes to Financial Statements
March 31, 2021

17. Leases (continued)

	2021	2020
	(in thousands of Canadian dollars)	
<u>Right-of-use assets by class of assets</u>		
Buildings - cost	\$ 1,549	\$ 1,549
Buildings - accumulated depreciation	(582)	(272)
Carrying amount	\$ 967	\$ 1,277
	2021	2020
	(in thousands of Canadian dollars)	
<u>Lease liabilities are presented in the statement of financial position:</u>		
Current portion of lease liabilities	\$ 309	\$ 303
Long-term portion of lease liabilities	675	983
	\$ 984	\$ 1,286

The lease liabilities are secured by the related underlying assets.

Future minimum lease payments at March 31, 2021 were as follows:

	2021	2020
	(in thousands of Canadian dollars)	
<u>Minimum lease payments due</u>		
Less than 1 year		
Lease payments	\$ 326	\$ 326
1 to 5 years		
Lease payments	691	1,017
	\$ 1,017	\$ 1,343

18. Commitments

In the normal course of operations, the Corporation enters into multi-year agreements for the provision of freight and other goods and services. The total of these commitments as at March 31, 2021 for future years are \$2,568,659 (March 31, 2020 - \$3,285,249). Included in these commitments is \$nil (2020 - \$44,515) for the acquisition of property, plant and equipment.

YUKON LIQUOR CORPORATION
Schedule of Property, Plant and Equipment
For the Year Ended March 31, 2021

(Schedule 1)

	Land	Buildings	Leasehold improvements	Furniture and office equipment	Operating equipment	Heavy equipment	Systems development	Systems equipment	2021 Total	2020 Total
(in thousands of Canadian dollars)										
Cost, beginning of year	\$ 202	\$ 5,363	\$ 372	\$ 931	\$ 341	\$ 680	\$ 513	\$ 578	\$ 8,980	\$ 9,335
Acquisitions		44	9	47	121	45	26	73	365	320
Disposals					(7)				(7)	(675)
Cost, end of year	202	5,407	381	978	455	725	539	651	9,338	8,980
Accumulated depreciation, beginning of year	-	4,610	365	577	266	260	354	372	6,804	6,974
Depreciation	-	52	3	113	37	43	59	86	393	463
Disposals	-				(7)				(7)	(633)
Accumulated depreciation, end of year	-	4,662	368	690	296	303	413	458	7,190	6,804
Net book value	\$ 202	\$ 745	\$ 13	\$ 288	\$ 159	\$ 422	\$ 126	\$ 193	\$ 2,148	\$ 2,176

In October 2019 the Corporation closed its cannabis retail store, and in December 2019 sold related property and equipment with a cost of \$675,000 and net book value of \$42,000 for \$210,000

The accompanying notes and schedule are an integral part of these financial statements.

COMPENSATION FUND (YUKON)

FINANCIAL STATEMENTS

December 31, 2020

(audited)

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Management’s Discussion and Analysis

The Management’s Discussion and Analysis provides further insight into the financial performance of the Compensation Fund (the Fund) for the year ended December 31, 2020. The audited financial statements and supporting notes are integral to this analysis and should be read in conjunction with it. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been derived from the Fund’s annual financial statements prepared in accordance with International Financial Reporting Standards.

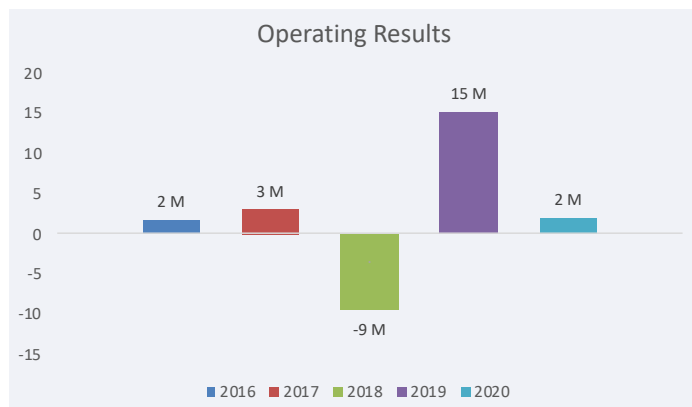
Forward-looking statements

Any forward-looking statements in this document represent the views of management. Forward-looking information is subject to many risks and uncertainties, and may contain significant assumptions about the future. These statements are presented to help stakeholders understand the Fund’s financial position, priorities and anticipated financial performance.

Risk and uncertainties about future assumptions include, but are not limited to, the changing financial markets, the industry mix of the Yukon workforce, the general economy, legislation, accounting standards, appeals and court decisions, and other known or unknown risks. Readers are cautioned not to place undue reliance on forward-looking information as our actual results may differ materially from those expressed or implied.

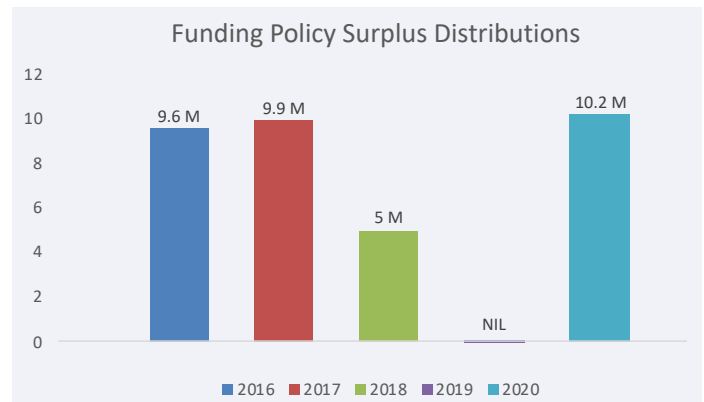
Operating results

In 2020, the Fund incurred an operating surplus of \$2.0 million, versus \$15.3 million in 2019. This was a result of higher claims and administration costs and lower net investment income compared to 2019.



Total comprehensive income (loss), which includes funding policy surplus distributions or recoveries, and the actuarial gain or loss on post-employment benefits, was \$8.3 million (loss) in 2020 versus \$15.3 million (income) in 2019.

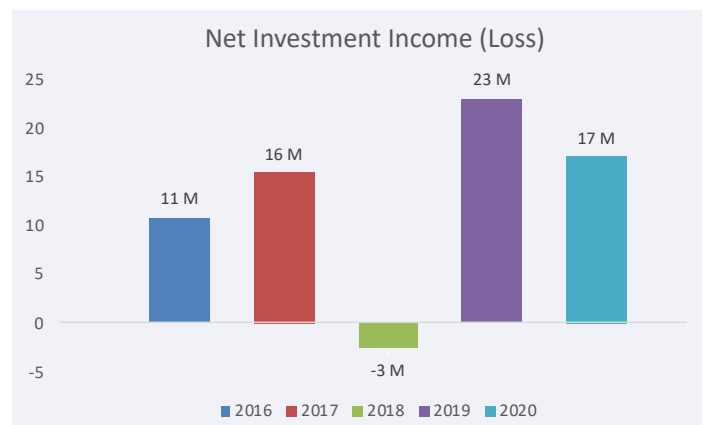
The main difference in total comprehensive income is due to the \$10.2 million surplus distributions approved by the Board of Directors in 2020.



Revenues

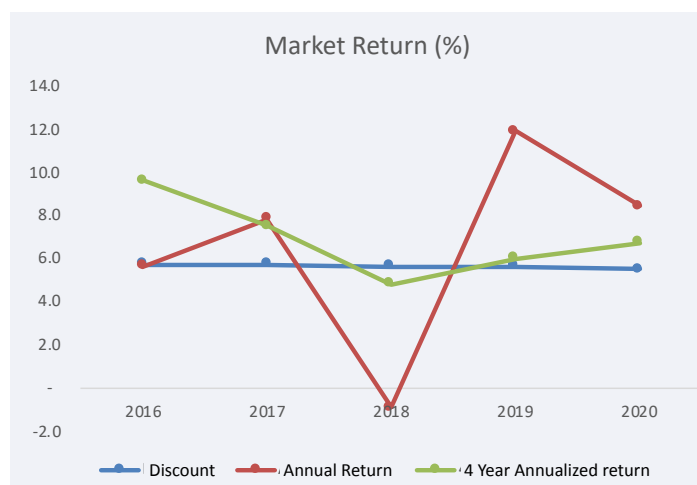
The Fund’s revenue and income totalled \$45.2 million in 2020 versus \$52.0 million in 2019. The change in overall revenue was mainly a result of a decrease in net investment income.

Net investment income in 2020 was \$17.1 million versus \$23.0 million in 2019, a decrease of \$5.9 million.

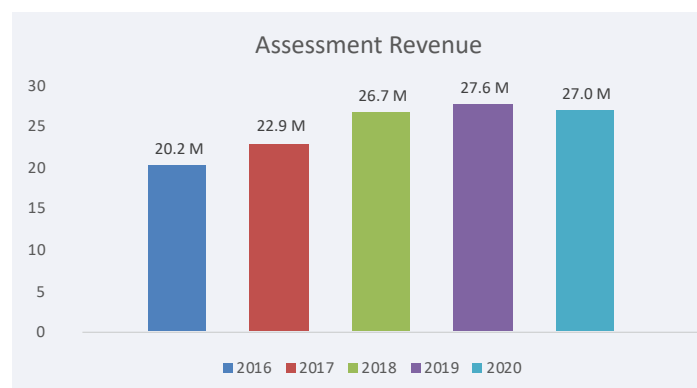


In 2020 the Fund was able to recover from the drop in the stock market due to the onset of COVID-19 restrictions and was able to end the year with an overall return of 8.4% and a four-year annualized return in 2020 of 6.7%. The investment portfolio’s asset mix is 42% fixed income and 58% equities.

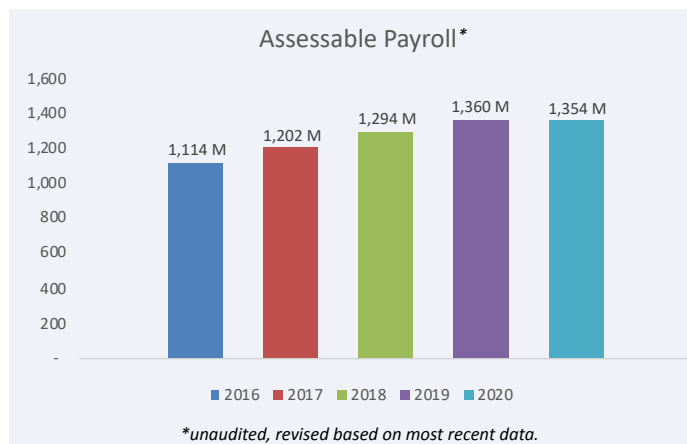
This asset mix reflects Yukon Workers' Compensation Health and Safety Board's (the Board) conservative approach to managing its investment portfolio.



Assessment revenue in 2020 was \$27.0 million, down slightly from \$27.6 million in 2019.

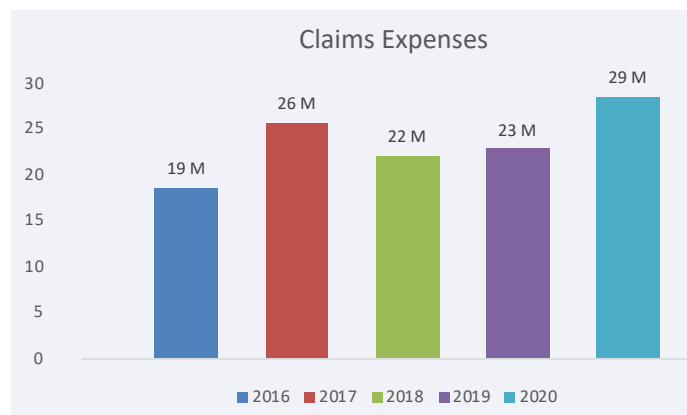


The decrease in assessment revenue can be partly attributed to a slight decrease in assessable payroll of approximately \$6.0 million compared to 2019. This decrease is due to certain industries who were negatively impacted by COVID-19 lockdowns and travel restrictions.

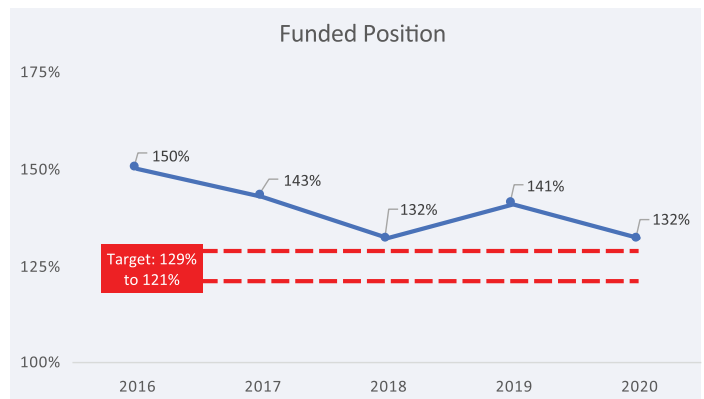
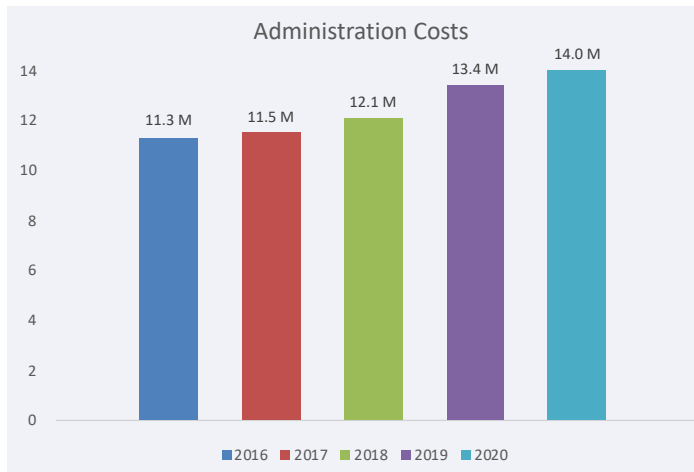


Expenses

Total claims expenses increased to \$28.5 million in 2020 from \$22.8 million in 2019. Claims expenses were higher in 2020 mainly due to higher than expected payments on prior year injuries and a change in actuarial assumptions that saw a decrease in the discount rate used by the actuaries to value the benefits liability. The nominal discount rate changed from 5.5% in 2019 to 5.15% in 2020.



Administration costs increased to \$14.0 million in 2020 from \$13.4 million in 2019. This is mainly due to costs associated with salaries and benefits and an increase in computer systems. Increases to salaries and benefits were mainly driven by the cost-of-living increases required by the collective bargaining agreement. The increase in computer systems related costs was due to the cost of transitioning to a remote work environment and increased spending for security.



Balance Sheet

At the end of each fiscal year, the Board’s actuary calculates the benefits liability for all injuries that have occurred to date. This liability represents the actuarial present value of all future benefits and related administration costs. As at December 31, 2020, this liability was \$171.2 million, an increase of approximately 6.6% over the previous year. The benefits liability increased when compared to 2019 mainly as a result of the change in discount rate and the favourable claims experience incurred in long-term claims in 2019, which resulted in a lower than expected increase in 2019.

The total assets of the Fund increased by \$13.2 million or 5.6% in 2020. The increase in total assets is related mainly to the increase in the value of the investments which were driven by the solid annual returns earned during 2020.

Funded Position

The funding ratio is calculated by dividing the total assets by the total liabilities. Like a pension plan, the Fund must have adequate assets to ensure that benefits can be provided to injured workers both now and well into the future. Reserves are necessary to ensure that the Board can minimize rate volatility, protect the Fund from unforeseen catastrophic events and preserve capital during large downturns in financial markets.

As at December 31, 2020, the funding ratio was 132%, down from 141% in 2019. Due to the strong investment returns in 2020 the Board of Directors authorized a surplus distribution of \$10.2 million.

Outlook

2020 has been a year like no other and overall the Board weathered the storm while ending the year in a strong financial position. The COVID-19 pandemic created tremendous economic damage to certain industries and financial hardship for many individuals. In Yukon, any industry that relies on travel and or tourism has been hit very hard and even as we enter 2021 uncertainty surrounding the pandemic still prevails.

In 2020, after the pandemic struck and governments placed restrictions on workplaces and travel, the Board moved quickly to help alleviate financial hardship to employers by eliminating late-payment penalties and stopping interest on overdue accounts. Working closely with employers, payments were deferred and flexible payment schedules were developed.

2020 brought many challenges that allowed our dedicated staff to showcase our ability to execute under very challenging circumstances. We benefited from our continued investment in our IT infrastructure and major business systems that occurred over the last decade. The Board was able to pivot very quickly when the pandemic struck. We were able to move the majority of our workforce out of the office to their homes and, leveraging our digital assets, we were able to carry on providing our services to our clients with minimal disruption. This was also true for dealing with our stakeholders where physical in-person meetings were switched to “Zoom” virtual meetings. The year 2020 significantly changed how our services were provided and will definitely influence the “new normal” once the pandemic is under control.

As we enter 2021, our robust balance sheet, strong stakeholder relationships and dedicated staff should allow us to adapt to whatever lies ahead. This should allow the Board to maintain affordable rates for our employers, ensure that our future obligations to injured workers can be met and continue to help make all workplaces as safe as possible. Hopefully, the pandemic of 2020, is a once-in-a-hundred-year event!

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Workers' Compensation Health and Safety Board (the "Board") is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced on a timely basis; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and Board policies; the Board's resources are managed efficiently and economically and the operations of the Board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund, including any amounts that must of necessity be based on management's best estimates, experience and judgement. Management is responsible for preparing the accompanying financial statements in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

Members of the Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises its responsibilities through the Finance, Investment, and Audit Committee (the "Committee"). The Committee meets with management and the external auditors on a regular basis. The Committee has reviewed the financial statements and has submitted its report to the Board of Directors, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Morneau Shepell, an independent consulting actuarial firm, has completed an actuarial valuation of the benefits liability of the Compensation Fund included in the financial statements and reported thereon in accordance with accepted actuarial practice.



Kurt Dieckmann, MBA, CRSP
President and Chief Executive Officer



Jim Stephens, CPA, CMA, CGA
Vice President, Operations and Chief Financial Officer

April 20, 2021



Actuarial Statement of Opinion

I have completed the actuarial valuation of the benefits liability of the Yukon Workers' Compensation Health and Safety Board (the "board") as at December 31, 2020 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part. In my opinion:

1. The data on which the valuation is based were supplied by the board in accordance with specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the benefits liability.
2. The actuarial assumptions adopted in computing the benefits liability are adequate and appropriate for the purpose of the valuation. The economic assumptions are consistent with the funding and investment policies of the board.
3. The methods used are appropriate for the purpose of the valuation and are in accordance with accepted actuarial practice for workers' compensation organizations in Canada.
4. The estimate of the actuarial liabilities as at the valuation date is \$171,226,000. This includes provisions for benefits expected to be paid after the valuation date for claims that occurred on or before the valuation date. A provision for future claims arising from long latency occupational diseases is included in this valuation. This liability includes future administrative expenses for all benefits, with the exception of the Annuity benefit. It does not include any accrued liability for claims arising from self-insured accounts.
5. The liability as at the valuation date for Annuity contributions and interest already set aside by the board up to the valuation date for purposes of providing pension benefits to injured workers was obtained from the board's finance division and is included in item 4 above.
6. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.
7. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.
8. The valuation is based on the provisions of the *Workers' Compensation Act* of the Yukon Territory and on the board's policies and practices in effect on the valuation date.

Thane MacKay, F.C.I.A.

This report has been peer reviewed by Mark Simpson, FCIA.



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Compensation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Compensation Fund, which comprise the statement of financial position as at 31 December 2020, and the statement of operations and comprehensive income, statement of changes in funded position (equity) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Compensation Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Yukon Workers' Compensation Health and Safety Board's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Compensation Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Compensation Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Compensation Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Compensation Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Compensation Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the

related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Compensation Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Compensation Fund coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations, and the *Financial Administration Act* of Yukon and regulations.

In our opinion, the transactions of the Compensation Fund that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Workers' Compensation Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Compensation Fund and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Compensation Fund's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Compensation Fund to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
20 April 2021

Compensation Fund

Statement of Financial Position / As at December 31

(In Canadian Dollars)

	Note	2020 (\$000s)	2019 (\$000s)
ASSETS			
Cash		\$ 4,581	\$ 1,501
Accounts receivable	6	2,683	2,858
Prepaid expenses		369	304
Investments	7	230,366	220,237
Property and equipment	8	9,510	9,542
Intangible assets	9	3,290	3,122
Total assets		\$ 250,799	\$ 237,564
LIABILITIES			
Accounts payable and accrued liabilities	10	5,079	4,850
Surplus distributions payable	14	10,220	-
Deferred portion of government grant	11	36	72
Benefits liability	12	171,226	160,659
Employee benefits	13	3,956	3,407
Total liabilities		190,517	168,988
FUNDED POSITION (EQUITY)			
Reserves	14	60,282	68,576
Total equity		60,282	68,576
Total liabilities and equity		\$ 250,799	\$ 237,564

Commitments and Contingencies (notes 16 and 18)

The accompanying notes are an integral part of these financial statements.

Approved by the Yukon Workers' Compensation Health and Safety Board

Mark Pike
Chair

Compensation Fund

Statement of Operations and Comprehensive Income / For the year ended December 31

(In Canadian Dollars)

	Note	2020 (\$000s)	2019 (\$000s)
Revenue and Income			
Assessment revenue		\$ 27,021	\$ 27,551
Net investment income	7	17,084	23,019
Recoveries and other receipts		1,050	1,465
		<u>45,155</u>	<u>52,035</u>
Expenses			
Claims expenses	12	28,464	22,786
Administration	17		
General and Administration		10,067	9,327
Occupational Health and Safety		2,059	2,348
Act and Regulation Amendments		1,238	976
Workers' Advocate		348	409
Employer Advisor		129	167
Appeal Tribunal		115	143
Prevention		692	603
		<u>43,112</u>	<u>36,759</u>
Operating surplus		<u>2,043</u>	<u>15,276</u>
Funding policy surplus (distributions) recoveries	14	<u>(10,220)</u>	<u>18</u>
Net (deficit) surplus		(8,177)	15,294
Other comprehensive income			
All items presented in other comprehensive income will not be reclassified to operating surplus in subsequent periods:			
Actuarial (loss) gain on post-employment benefits	13	<u>(117)</u>	<u>9</u>
Total comprehensive (loss) income		<u>\$ (8,294)</u>	<u>\$ 15,303</u>

The accompanying notes are an integral part of these financial statements.

Compensation Fund

Statement of Changes in Funded Position (Equity) / For the year ended December 31

(In Canadian Dollars)

	Stabilization Reserve	Adverse Events Reserve	Total
	(\$000s)	(\$000s)	(\$000s)
Balance at January 1, 2019	\$ 29,026	\$ 24,247	\$ 53,273
Net surplus for 2019	15,294	-	15,294
Other comprehensive gain	9	-	9
Total comprehensive income for 2019	15,303	-	15,303
Transfer to / from Adverse Events Reserve	(733)	733	-
Balance at December 31, 2019	\$ 43,596	\$ 24,980	\$ 68,576
Net deficit for 2020	(8,177)	-	(8,177)
Other comprehensive loss	(117)	-	(117)
Total comprehensive loss for 2020	(8,294)	-	(8,294)
Transfer to / from Adverse Events Reserve	(1,218)	1,218	-
Balance at December 31, 2020	\$ 34,084	\$ 26,198	\$ 60,282

Capital Management and Reserves (note 14)

The accompanying notes are an integral part of these financial statements.

Compensation Fund

Statement of Cash Flows / For the year ended December 31

(In Canadian Dollars)

	2020 (\$000s)	2019 (\$000s)
Operating activities		
Cash received from:		
Employers, for assessments	\$ 26,596	\$ 27,929
Investment revenue - interest	2,581	2,784
Investment revenue - dividends	2,689	3,193
Recoveries and other receipts	1,528	959
	<u>33,394</u>	<u>34,865</u>
Cash paid:		
To employers, for surplus distributions	-	(46)
For claims	(17,856)	(17,739)
To employees and suppliers, for administration and prevention	(13,447)	(13,706)
	<u>(31,303)</u>	<u>(31,491)</u>
Total cash provided by operating activities	<u>2,091</u>	<u>3,374</u>
Investing activities		
Net sale of investments	2,440	518
Purchases of property and equipment	(480)	(277)
Purchases of intangible assets	(971)	(887)
Total cash provided (used) by investing activities	<u>989</u>	<u>(646)</u>
Foreign exchange loss on cash held in foreign currency	-	(1)
Increase in cash	3,080	2,727
Cash (bank overdraft), beginning of year	1,501	(1,226)
Cash, end of year	<u>\$ 4,581</u>	<u>\$ 1,501</u>

The accompanying notes are an integral part of these financial statements.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

1. Reporting Entity

The Compensation Fund (the “Fund”) was established by the *Workers’ Compensation Act* of Yukon (the “Act”) and is administered by the Yukon Workers’ Compensation Health and Safety Board (the “Board”) pursuant to the Act. In 2008, the Act was amended and received assent in the Legislative Assembly. The effective date of the new Act was July 1, 2008. The Board is exempt from income tax and the goods and services tax.

The Fund, as administered by the Board, provides compensation for injury or death by accidents arising out of and in the course of employment. Annual assessments are levied upon employers by applying their industry assessment rate to their actual or estimated payrolls for the year. The assessment and investment revenue pays for all claims, administration and prevention expenses.

Since 1992, the Board has also been responsible for the administration of the *Occupational Health and Safety Act* and Regulations to advance strategies for preventing workplace injuries in the territory.

The Board, a territorial entity, is domiciled in Canada and has its office at 401 Strickland Street, Whitehorse, Yukon, Canada.

2. Statement of Compliance and Basis of Preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”).

The Board of Directors approved and authorized for issue the 2020 financial statements on April 20, 2021.

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for the following: investments classified as held-for-trading that are measured at fair value, benefits liability and the employee benefits which are both actuarially determined. The Fund’s functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Fund operates, and is also the presentation currency of the financial statements.

All financial information is presented in Canadian dollars and tabular financial information has been rounded to the nearest thousand dollars, unless otherwise stated.

Critical Accounting Estimates and Judgements

The Board makes estimates and judgements in respect of certain key assets and liabilities of the Fund. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

The significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are the following:

- Note 7 Investments – Valuation of financial instruments
- Note 12 Benefits liability – Determination of discount rates and other assumptions
- Note 12 Benefits liability – Determination of latent occupational disease provision

The major areas of judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are the following:

- Note 7 Investments – Classification of financial instruments
- Note 8 Property and equipment – The degree of componentization
- Note 9 Intangible assets – The determination of development costs eligible for capitalization
- Note 14(b) – The timing of recognition of the surplus distribution

3. Application of New and Revised IFRS

New and revised IFRS issued but not yet effective

IFRS 9 *Financial Instruments*

IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected credit loss' impairment model. The standard is effective for annual periods beginning on or after January 1, 2018. The IASB issued amendments to IFRS 4, which provide optional relief to eligible insurers in respect of IFRS 9. Entities whose predominant activity is issuing insurance contracts within the scope of IFRS 17 are provided a temporary exemption to defer the implementation of IFRS 9. The Board will be required to adopt IFRS 9 on January 1, 2023, which aligns with the effective date of IFRS 17.

The Board evaluated its liabilities and concluded that all of the liabilities were predominately connected with insurance. Additionally, the Board has not previously applied any version of IFRS 9; therefore, the Board is an eligible insurer that qualifies for optional relief from the application of IFRS 9. As at January 1, 2018, the Board has elected to apply the optional transitional relief under IFRS 4 that permits the deferral of the adoption of IFRS 9 for eligible insurers. The Board will continue to apply IAS 39 – Financial instruments: Recognition and measurement until January 1, 2023.

With the exemption in place, the Board will continue to classify its investments as held-for- trading and measured at fair value through profit or loss, refer to note 7 for more details.

Accounts receivable is classified as loans and receivables and due to their short-term nature; the carrying value approximates their fair value. Accounts payable, accrued liabilities, and surplus distributions payable are classified as other financial liabilities. All will continue to be measured initially at fair value, and subsequently measured at amortized cost using the effective interest rate method. Credit risk disclosure, including significant credit risk concentrations, are disclosed in note 5.

The Board will continue to assess at year-end whether a receivable is considered to be uncollectible and will write off against the allowance account.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

The impact of applying IFRS 9 is not expected to have a material impact on the Fund's financial statements.

IFRS 17 Insurance Contracts

IFRS 17 *Insurance Contracts* was issued in May 2017. On March 17, 2020, the IASB agreed to the following: to defer the effective date of IFRS 17 to annual reporting periods beginning on or after January 1, 2023; and to extend the fixed expiry date of the temporary exemption from applying IFRS 9 for qualifying insurers (as contained in IFRS 4), so that all entities must apply IFRS 9 for annual reporting periods beginning on or after January 1, 2023. The Board continues to monitor developments and discussion related to this standard. IFRS 17 will replace IFRS 4 *Insurance Contracts* and is expected to change the way insurance contract liabilities are recognized and measured. It will also change the presentation and disclosures of the Fund's financial statements.

The Board is assessing the impact of this standard and expects that it may potentially have a significant effect on the Fund's financial statements.

The Board reviewed all other new or revised standards that were issued but yet not effective for 2020 and concluded that there would be no significant impact on the Fund's financial statements in the future as a result of these revisions.

4. Significant Accounting Policies

The following is a summary of the significant accounting policies:

(a) Cash

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand and bank balances net of any bank overdrafts. Foreign currency transactions incurred within operating activities are translated based on the exchange rate at the time of the transaction. Any gains or losses incurred as result of translation are recorded in the Statement of Operations and Comprehensive Income. The cash balance remaining in the account at year-end is translated at the exchange rate in effect as of December 31, 2020.

Cash and short-term investments held by custodians for investment purposes are not available for general use and are included in investments.

(b) Assessments and recoveries and other receipts

Assessment revenue is calculated monthly on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the Board. Separate rates of assessment are established for each industry classification. At year-end, assessments receivable and payable are adjusted based on the difference between estimated and actual payrolls.

The Government of Yukon pays certain claims costs to the Compensation Fund for claims prior to 1993 and reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance. Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

Consolidated Revenue Fund. Effective January 1, 1993, all Government employees were covered by the Fund. The Government also reimburses the Compensation Fund for all claims costs associated with those injured workers, who are designated as workers employed by the Government under section 6 of the Act. These amounts are recorded in recoveries and other receipts in the year in which the related expenses are incurred (note 15(a)).

(c) Recoveries from third parties

Since July 1, 2008, under section 51 of the *Workers' Compensation Act*, the Board is deemed to be an assignee of a cause of action in respect of a worker's injury that arose out of a work-related injury. If settled, or as a result of a Court decision, the legal costs and costs associated with the claim create the settlement. Out of the settlement are paid the legal costs, and legal disbursements, and all past, present and future costs. Any funds remaining are paid to the worker. The amount recovered for past, present and future costs is used to pay for future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Recoveries from third parties are recognized when their receipt is virtually certain and the amount can be reliably measured. They are recorded as a recovery in the year they are recognized. No provision is made in the benefits liability for possible future third party recoveries because of their contingent nature.

(d) Financial instruments

Investments

Investments are classified as held-for-trading because they are acquired for the purpose of selling or repurchasing in the near term and are measured at fair value through profit or loss. The fair value of publicly traded investments is the quoted market price which approximates the bid price at the end of the reporting period. Pooled fund units are valued at their year end net asset value, as determined by the fund manager. Purchases and sales of investments are recognized on the trade date. Short-term investments held by the investment managers for investment purposes are included in Investments.

Net investment income is comprised of realized gains and losses earned in the period arising on the sale of investments; unrealized gains and losses arising from fluctuations in fair value in the period; and dividends and interest earned in the period; net of investment management fees and transaction costs.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from investments is translated at the rate in effect at the time it is earned. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in net investment income in the period in which they arise.

The Board does not enter into any financial derivative instruments as part of managing the Fund's investment portfolio.

Other financial assets and liabilities

Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities, and surplus distributions payable are classified as other financial liabilities. All are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method. Due to the short-term nature of accounts receivable, accounts payable and accrued liabilities, and surplus distributions payable, their carrying values approximate their fair values, which are classified as Level 2 in the fair value hierarchy.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques that use inputs which have a significant effect on the recorded fair value which are not based on observable market data.

Changes in valuation methods may result in transfers into or out of an instrument's assigned level. The Board's policy is to recognize transfers into or out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfers between levels in 2020 (2019 – No transfers).

Impairment of financial assets

The carrying amount of accounts receivable is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. The Board assesses at each reporting date whether a financial asset or group of financial assets is impaired. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Derecognition of financial assets and liabilities

A financial asset is derecognized when the contractual right to the cash flows from the asset expires or if the Board transfers the financial asset and substantially all risk and rewards of ownership to another entity.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled, or expire.

(e) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated based on the straight-line method, using rates based on the estimated useful lives of the assets as follows:

Buildings and fixtures	10 – 75 years
Furniture and equipment	5 – 15 years
Computer equipment	5 – 7 years

Where an item of property and equipment is comprised of significant components with different useful lives, the components are accounted for separately.

The estimated useful life, residual value and depreciation method is reviewed at each year-end and any change in estimate is made on a prospective basis.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

(f) Intangible assets

Intangible assets are comprised of purchased software and internally developed software systems.

Research costs are expensed as incurred. Development costs of internally developed software systems are capitalized when the system is technically feasible, resources are available, costs can be measured reliably, management intends to use the asset and future economic benefits are probable. The asset is derecognized when it no longer meets these criteria. Salaries, wages and benefits directly related to internally developed software systems are included in the asset's cost. When the asset is substantially complete and is available for use, development costs capitalization ceases and the costs are transferred to the related asset category and amortized.

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment. Amortization is calculated based on the straight-line method, using rates based on the estimated useful lives of the assets as follows:

Systems and software	5 – 25 years
----------------------	--------------

The estimated useful life and amortization period is reviewed at each year end and any change in estimate is made on a prospective basis.

(g) Impairment of non-financial assets

IAS 36 *Impairment of Assets* requires an entity to test assets for impairment if indicators of impairment exist. The impairment review must be conducted for an individual asset, an asset group, or the cash-generating unit level, which is the smallest identifiable group of assets that generates cash inflows independent of cash inflows from other assets or groups of assets.

Based on an analysis of cash flows, the Board has established that the appropriate cash generating unit for impairment review is the entity. The Board has statutory power under the Act to increase premiums and/or charge a premium surcharge to ensure full funding into the foreseeable future and therefore, the likelihood of impairment at the entity level is remote.

Individual assets that may have experienced impairment due to loss, damage, obsolescence or curtailed service potential are reviewed and the estimated useful life, depreciation method and residual value are adjusted.

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. As at December 31, 2020, management conducted an impairment review at the entity level, which confirmed that there were no indicators of impairment—changes in the legislative, economic or business environment—that would have a material impact on the Board's ability to generate future economic benefits from its operating (non-financial) assets.

(h) Government grants

There are two types of government grants which include government grants related to expenses and government grants related to assets. Government grants related to expenses are recognized as income when there is reasonable assurance that the conditions attached to the grant will be complied with and the grant will

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

be received. When the grant relates to an asset, it is recognized as deferred income and is released into income in equal amounts over the expected useful life of the related asset.

In 2005, the Government of Yukon approved the reinstatement of ongoing funding for the Mine Safety Program (the "Program") through an annual grant to the Fund. The Program, which was transferred to the Board in 1993, provides mine rescue training and support services as well as mine safety inspection services. The funding is to be reviewed by the Government, at a minimum, every five years. The grant is accounted for as income in the period in which the related expenses are incurred (note 11).

In 2011, the Board signed an agreement with the Government of Yukon which provides the Fund with funding for the purpose of upgrading mine safety equipment. The grant is accounted for as deferred income and released into income over the expected useful life of the equipment (note 11).

(i) Benefits liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims as well as future claims management costs. A provision has been made for claims related to known latent occupational diseases which may have occurred in the current or previous years, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefits liabilities (note 12).

The benefits liability is comprised of four liabilities—medical aid, compensation, pension, and annuity:

- Medical aid includes benefits for medical aid, emergency transportation, traditional Aboriginal healing, death and funeral expenses, lump sum payments for permanent impairment, and rehabilitation assistance.
- Compensation includes income amounts that are paid to all eligible workers who suffer a work-related injury, incapacity or occupational disease that has resulted in a loss of earnings.
- The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.
- The annuity liability is for workers who have received compensation for the same disability for at least 24 months. An amount equal to ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity when a worker becomes entitled to apply for Old Age Security benefits.

Many assumptions are required to calculate the benefits liability, including estimates of future inflation, interest rates and mortality rates. The benefits liability is determined annually by an independent actuarial valuation. The Actuarial Statement of Opinion on the adequacy and appropriateness of the benefits liability is attached to these financial statements.

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A portion of administration and general expenses is allocated as claims management costs to the current year's claims and the prior years' claims. The amount allocated to claims is reviewed by the independent actuary for reasonableness as part of the annual actuarial valuation of the benefits liability.

(j) Employee benefits

Short-term employee benefits

Employee benefits that are expected to be settled within twelve months of the reporting date are measured on an undiscounted basis. These benefits include annual vacation leave earned but not yet used.

Other long-term employee benefits

Benefits that are expected to be settled beyond twelve months are determined based on an actuarial valuation as the best estimate of future cash flows discounted to present value with actuarial gains and losses recognized in profit and loss as incurred. These benefits include long service vacation leave, sick leave and special leave benefits earned but not used.

Post-employment benefits

(i) Retirement and severance benefits

Retirement or severance benefits are available to employees who have completed five years of service with the Board. Payments are made upon retirement or termination, with benefits increasing with additional length of service. The benefit obligation is determined based on an actuarial valuation using estimates of future inflation and interest rates. Actuarial gains and losses are recognized in other comprehensive income as incurred. The obligation is calculated using the projected unit credit method prorated on service.

(ii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both employees and the Fund to cover current service cost. Pursuant to legislation currently in place, the Fund has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Fund.

(k) Funding policy surplus distributions

The Board may issue surplus distributions in accordance with its Funding Policy. These are recorded as an expense in the period in which they are approved by the Board of Directors. Surplus distributions that are approved but not issued are recorded as payable when an obligation exists, when the amount of such distributions can be reliably estimated and when it is probable a payment will be issued in the future to settle the obligation.

Compensation Fund

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5. Risk Management

The Fund has exposure to the following financial risks: credit risk, liquidity risk and market risk (which also includes inflation risk, interest rate risk and currency risk). The Fund's exposure to these risks arises primarily in relation to its investment portfolio, but also in relation to its other financial assets and financial liabilities.

The Board's management is responsible for monitoring performance and recommending changes to the Investment Policy. The Board of Directors is ultimately responsible for governance and strategic direction of the investment portfolio through its review and approval of the Investment Policy and selection of investment managers. The investment managers' compliance with this Investment Policy is monitored on a regular basis. Quarterly, independent consultants benchmark the performance of the Fund's investment managers and advise on the appropriateness and effectiveness of the Fund's Investment Policy and practices.

The following sections present information about the Fund's exposure to each of the above risks and the Board's objectives, policies and processes for measuring and managing each risk. There were no changes to these risks or the Board's objectives, policies and process for managing them during the year ended December 31, 2020.

Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. Excess cash is held on deposit with the Government of Yukon's banker. Short-term deposits with this bank are rated as R-1 (high). To manage this risk, the Board, as prescribed in the Investment Policy, has determined that cash and cash equivalents held in the investment portfolio and short-term investments must have a credit rating of at least R1L, and long-term investments require a rating of BBB or higher by the Dominion Bond Rating Service or the equivalent rating by Moody's, in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 15% of the portfolio. The Board has stayed within these guidelines during the year.

Fixed Income Portfolio Credit Ratings

Ratings					31-Dec-20	31-Dec-19
	AAA	AA	A	BBB	(\$000's)	(\$000's)
Fixed Income Securities	\$ 31,807	\$ 31,903	\$ 20,048	\$ 9,244	\$ 93,002	\$ 92,488

The Fund's exposure to credit risk associated with its accounts receivable is the risk that an employer or a cost recovery customer (the "customer") will be unable to pay amounts due to the Fund. The Fund's maximum exposure to credit risk associated with its accounts receivable is \$2,683,000 (2019 – \$2,858,000). An estimated allowance for doubtful accounts has been recorded for accounts receivable that may not be collectible as at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for doubtful accounts. At December 31, 2020, there were no accounts receivable that were past due but not impaired. The Board takes into consideration payment and collections history, and the current economic environment in which the Board operates to assess impairment. The Board recognizes a bad debt provision when management considers that the expected recovery is less than the carrying amount receivable.

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The Board believes that the credit risk of accounts receivable is mitigated by the following:

- i. The employer base is dispersed across various industries, with government comprising a significant concentration. The non-government-based employers may be affected by any downturns due to prevailing economic conditions.
- ii. As at December 31, 2020, approximately 93% (2019 – 94%) of accounts receivable were outstanding for less than 90 days. The Board does not require collateral or other security from employers or customers for accounts receivable.
- iii. The Board has the power and remedies to enforce payment owing to the Fund.

Liquidity risk

Liquidity risk is the risk that the Fund is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Fund's operations are financed through a combination of the cash flows from operations and investments. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows.

The Fund has access to the Government of Yukon's overall line of credit facility with the Government's banker. This access provides the Fund with overdraft coverage of \$7,000,000 if needed. As of December 31, 2020 the Fund had used nil of the overdraft coverage (nil - 2019).

The Fund's accounts payable and accrued liabilities had a carrying value of \$5,079,000 as at December 31, 2020, (2019 – \$4,850,000) and were all payable within a year.

The Fund's surplus distributions payable had a carrying value of \$10,220,000 as at December 31, 2020 (2019 - nil) (note 14).

Liquidity risk related to the benefits liability is included in note 12 (f).

Compensation Fund

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Market risk

The Fund is exposed to market risk, which is the risk that the fair value or future cash flows of its investments will fluctuate in the future because of economic conditions. Market risk is managed through diversification between different asset classes and geographic diversification and by limiting the concentration in any single entity to 15 per cent or less of the fair value of the investment fund (note 7).

The table below presents the Fund's investment targets and actual asset mix at fair value:

	Target		Actual	
	Minimum	Maximum	31-Dec-20	31-Dec-19
Equities				
Canadian	0%	25%	18.3%	17.5%
United States	0%	25%	19.4%	17.4%
International	0%	25%	20.2%	20.8%
Fixed Income				
Short-term investments	0%	10%	1.7%	2.3%
Bonds	35%	85%	40.4%	42.0%
			<u>100.0%</u>	<u>100.0%</u>

The table below presents the effect of a material adverse change in the fair value of each of the categories of equities in the Fund's investments portfolio on operating results and equity:

	31-Dec-20		31-Dec-19	
	(\$000's)		(\$000's)	
Percentage decrease in fair value	-10%	-20%	-10%	-20%
Equities				
Canadian	\$ (4,216)	\$ (8,432)	\$ (3,853)	\$ (7,707)
United States	(4,466)	(8,933)	(3,839)	(7,678)
International	(4,662)	(9,323)	(4,575)	(9,151)
Total impact on operating results and equity	<u>\$ (13,344)</u>	<u>\$ (26,688)</u>	<u>\$ (12,267)</u>	<u>\$ (24,536)</u>

Inflation risk

Inflation risk is the risk that a general increase in price level may result in loss of future purchasing power of current monetary assets. The Board manages inflation risk through its investment allocation between equities and fixed income investments.

Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Fund's investment portfolio is exposed to interest rate risk through its holdings of short and long-term fixed income investments. Interest rate risk is minimized by actively managing the duration of the fixed income investments.

The table below presents the effects of a 50 and 100 basis point ("bp")¹ adverse change in the nominal interest rate on the fair value of the bond portfolio on operating results and equity.

Compensation Fund

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(In Canadian Dollars)

	31-Dec-20		31-Dec-19	
	(\$000's)		(\$000's)	
Positive bp change in nominal interest rate	+50bp	+100bp	+50bp	+100bp
Bonds	\$ (3,355)	\$ (6,711)	\$ (3,253)	\$ (6,505)
Total impact on operating results and equity	\$ (3,355)	\$ (6,711)	\$ (3,253)	\$ (6,505)

(1) One basis point (bp) equals 1/100 of 1%; 50 bps = 50/100 of 1%, or 0.5%.

In the event the nominal interest rates decrease by 50 and 100 basis points, the impact will be equal and opposite to the above stated values.

The table below presents the remaining terms to maturity at fair value, along with the average effective yields for each maturity, for fixed income investments exposed to inflation and interest rate risk.

	Remaining term to maturity (1)				31-Dec-20	31-Dec-19
	<1 year	1 - 5 years	5 - 10 years	>10 years	(\$000's)	(\$000's)
					Total	Total
Bonds	\$ 3,438	\$ 39,239	\$ 25,102	\$ 25,223	\$ 93,002	\$ 92,488
Average effective yield	1.14%	0.64%	1.23%	2.12%	1.22%	2.32%

(1) Maturity is defined as the earliest a bond can be redeemed without penalty by the bond issuer.

The Fund is also exposed to the risk that interest rate movements may materially impact the value of its benefits liability (note 12(e)).

Currency risk

Currency risk is the risk that the value of financial assets and financial liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates relative to the Canadian dollar.

The Fund is exposed to exchange rate volatility that is managed by the contracted fund managers. The Board does not undertake long-term hedging strategies for the currency risk of foreign investments. The Fund's most significant exposure is to the US dollar, Euro, British pound, Swiss franc, and the Japanese yen. At December 31, the Fund held foreign currency denominated holdings, at fair value as follows:

Currency	31-Dec-20	31-Dec-19
	(\$000's)	(\$000's)
USDollar	\$ 48,257	\$ 44,818
Euro	\$ 13,740	\$ 14,613
Swiss franc	\$ 7,502	\$ 5,745
British pound	\$ 6,696	\$ 7,538
Japanese yen	\$ 6,434	\$ 5,823

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The sensitivity analysis below presents the effect of a 10 per cent appreciation in the Canadian dollar as compared to the US dollar, Euro, British pound, Swiss franc, and the Japanese yen on operating results and equity:

Currency	31-Dec-20 (\$000's)	31-Dec-19 (\$000's)
USdollar	\$ (4,387)	\$ (4,074)
Euro	\$ (1,249)	\$ (1,328)
Swiss franc	\$ (682)	\$ (522)
British pound	\$ (609)	\$ (685)
Japanese yen	\$ (585)	\$ (529)

In the event there is a 10 per cent depreciation in the Canadian dollar, the impact will be equal and opposite to the above stated values.

6. Accounts Receivable

	31-Dec-20 (\$000s)	31-Dec-19 (\$000s)
Assessments		
Assessed and due from employers	\$ 2,703	\$ 2,220
Allowance for doubtful accounts	(135)	(67)
	<u>\$ 2,568</u>	<u>\$ 2,153</u>
Other		
Other receivables and recoveries	\$ 139	\$ 751
Allowance for doubtful accounts	(24)	(46)
	<u>115</u>	<u>\$ 705</u>
	<u>\$ 2,683</u>	<u>\$ 2,858</u>

Included in other receivables and recoveries are amounts due from the Government of Yukon, which are disclosed in note 15.

Reconciliation of allowance for doubtful accounts

The allowance for doubtful accounts is a provision for potential credit losses and amounts are subsequently written off once reasonable collection efforts have been made. The allowance details are as follows:

	31-Dec-20 (\$000's)	31-Dec-19 (\$000's)
Balance, beginning of year	\$ 113	\$ 305
Accounts written off	(23)	(118)
Recoveries and other adjustments	(5)	(201)
Current year provision	74	127
Balance, end of year	<u>\$ 159</u>	<u>\$ 113</u>

Compensation Fund

Notes to the Financial Statements / December 31, 2020

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7. Investments

The Board of Directors has established an Investment Policy for the management of the investment process, utilizing external investment managers. The investment managers' compliance with this Investment Policy is monitored on a regular basis.

	31-Dec-20	31-Dec-19
	(\$000s)	(\$000s)
	Fair Value	Fair Value
Fixed-term securities		
Federal bonds	\$ 23,809	\$ 25,548
Provincial bonds	25,259	20,202
Corporate bonds	43,934	46,738
	<u>93,002</u>	<u>92,488</u>
Equities		
Canadian	42,158	38,533
United States	44,664	38,388
International	46,616	45,755
	<u>133,438</u>	<u>122,676</u>
Other investments		
Cash on account	416	162
Short-term investments	3,089	4,484
Accrued interest receivable	512	515
	<u>4,017</u>	<u>5,161</u>
Investments, sub-total	230,457	220,325
Management fee accrual	(91)	(88)
	<u>\$ 230,366</u>	<u>\$ 220,237</u>

Net investment income (loss) for the year ended December 31 consisted of the following:

	2020	2019
	(\$000s)	(\$000s)
Interest	\$ 2,587	\$ 2,746
Dividends	2,689	3,193
Realized gains in the year	5,475	3,300
Unrealized gain in fair value in the year	7,091	14,520
Investment management fees	(758)	(740)
	<u>\$ 17,084</u>	<u>\$ 23,019</u>

Compensation Fund

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Fair Value Hierarchy

The Fund's investments are categorized into the fair value hierarchy based on type, frequency and visibility of pricing, source of pricing and liquidity. There are three levels of classification:

Level 1 classification reflects public daily market or quote pricing with a good volume level.

Level 2 classification is used when pricing is:

- a) model or matrix based (using observable inputs and/or market information);
- b) based on closely-related securities;
- c) derived pricing (when no public quote exists); or
- d) from a broker quote on less active markets.

Level 3 security would have no public pricing and poor to non-existent liquidity.

As at December 31, 2020, the Fund held the following financial instruments measured at fair value:

	Level 1 (\$000s)	Level 2 (\$000s)	Level 3 (\$000s)	Total (\$000s)
Cash and Cash Equivalents	\$ 3,926	\$ -	\$ -	\$ 3,926
Bonds	9,770	83,232	-	93,002
Equities	58,900	-	-	58,900
Pooled Funds	-	74,538	-	74,538
Total Investments	\$ 72,596	\$ 157,770	\$ -	\$ 230,366

As at December 31, 2019, the Fund held the following financial instruments measured at fair value:

	Level 1 (\$000s)	Level 2 (\$000s)	Level 3 (\$000s)	Total (\$000s)
Cash and Cash Equivalents	\$ 5,073	\$ -	\$ -	\$ 5,073
Bonds	8,408	84,080	-	92,488
Equities	55,197	-	-	55,197
Pooled Funds	-	67,479	-	67,479
Total Investments	\$ 68,678	\$ 151,559	\$ -	\$ 220,237

Compensation Fund

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8. Property and Equipment

	Land (\$000s)	Buildings and Fixtures (\$000s)	Furniture and Equipment (\$000s)	Computer and Equipment (\$000s)	Assets under construction (\$000s)	Total (\$000s)
Cost						
At January 1, 2019	\$ 1,045	\$ 10,469	\$ 1,508	\$ 941	\$ 16	\$ 13,979
Additions	-	18	99	102	146	365
Disposals	-	-	(50)	(71)	-	(121)
Transfers	-	-	-	-	-	-
At December 31, 2019	\$ 1,045	\$ 10,487	\$ 1,557	\$ 972	\$ 162	\$ 14,223
Depreciation and impairment						
At January 1, 2019	\$ -	\$ 2,660	\$ 958	\$ 684	\$ -	\$ 4,302
Depreciation	-	237	135	110	-	482
Disposals	-	-	(32)	(71)	-	(103)
Impairment	-	-	-	-	-	-
At December 31, 2019	\$ -	\$ 2,897	\$ 1,061	\$ 723	\$ -	\$ 4,681
Net book value						
At December 31, 2019	\$ 1,045	\$ 7,590	\$ 496	\$ 249	\$ 162	\$ 9,542
Cost						
At January 1, 2020	\$ 1,045	\$ 10,487	\$ 1,557	\$ 972	\$ 162	\$ 14,223
Additions	-	-	2	197	264	463
Disposals	-	-	(4)	(105)	-	(109)
Transfers	-	171	-	96	(267)	-
At December 31, 2020	\$ 1,045	\$ 10,658	\$ 1,555	\$ 1,160	\$ 159	\$ 14,577
Depreciation and impairment						
At January 1, 2020	\$ -	\$ 2,897	\$ 1,061	\$ 723	\$ -	\$ 4,681
Depreciation	-	240	123	132	-	495
Disposals	-	-	(4)	(105)	-	(109)
Impairment	-	-	-	-	-	-
At December 31, 2020	\$ -	\$ 3,137	\$ 1,180	\$ 750	\$ -	\$ 5,067
Net book value						
At December 31, 2020	\$ 1,045	\$ 7,521	\$ 375	\$ 410	\$ 159	\$ 9,510

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9. Intangible Assets

	Internal Software Development Costs ⁽¹⁾ (\$000s)	Software Systems Under Development (\$000s)	Software Costs (\$000s)	Total (\$000s)
Cost				
At January 1, 2019	\$ 9,353	\$ 427	\$ 1,028	\$ 10,808
Additions	275	449	129	853
Disposals	(338)	-	(50)	(388)
Transfer systems to production	258	(259)	1	-
At December 31, 2019	\$ 9,548	\$ 617	\$ 1,108	\$ 11,273
Amortization and impairment				
At January 1, 2019	\$ 6,963	\$ -	\$ 836	\$ 7,799
Amortization	636	-	68	704
Disposals	(302)	-	(50)	(352)
Impairment	-	-	-	-
At December 31, 2019	\$ 7,297	\$ -	\$ 854	\$ 8,151
Net book value				
At December 31, 2019	\$ 2,251	\$ 617	\$ 254	\$ 3,122
Cost				
At January 1, 2020	\$ 9,548	\$ 617	\$ 1,108	\$ 11,273
Additions	585	660	-	1,245
Disposals	(1,417)	(17)	-	(1,434)
Transfers	1,153	(1,203)	50	-
At December 31, 2020	\$ 9,869	\$ 57	\$ 1,158	\$ 11,084
Amortization and impairment				
At January 1, 2020	\$ 7,297	\$ -	\$ 854	\$ 8,151
Amortization	699	-	80	779
Disposals	(1,136)	-	-	(1,136)
Impairment	-	-	-	-
At December 31, 2020	\$ 6,860	\$ -	\$ 934	\$ 7,794
Net book value				
At December 31, 2020	\$ 3,009	\$ 57	\$ 224	\$ 3,290

(1) Included in internal software development costs is the claims management system which has a net book value of \$1,458,000 (2019 – \$765,000) and a remaining amortization period of 6 years.

System research and analysis costs expensed in 2020 were \$18,000 (2019 – \$14,000).

Compensation Fund

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10. Accounts Payable and Accrued Liabilities

	<u>31-Dec-20</u> (\$000s)	<u>31-Dec-19</u> (\$000s)
Payable		
Assessments refundable	\$ 2,776	\$ 2,716
Other payables and accrued liabilities	2,303	2,134
	<u>\$ 5,079</u>	<u>\$ 4,850</u>

Included in other payables and accrued liabilities are amounts due to the Government of Yukon, which are disclosed in note 15.

11. Government Grants

In 2020, the Fund received \$330,000 for the Mine Safety Program Grant (2019 – \$330,000). This was accounted for as income in the period.

The deferred portion of the government grant as at December 31, 2020 was \$36,000 (2019 – \$72,000) and \$36,000 (2019 – \$37,500) was expensed and released into income during the year.

There are no unfulfilled conditions or contingencies attached to these grants.

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The following is an actuarial reconciliation of the changes in the benefits liability during the years ended December 31:

	2020	2019
	(\$ 000's)	(\$ 000's)
Balance, beginning of year	<u>\$ 160,659</u>	<u>\$ 155,499</u>
Add:		
Provision for current year's claims	11,548	10,790
Interest allocated	8,132	8,028
Experience loss (gain)	4,754	(648)
	<u>24,434</u>	<u>18,170</u>
Deduct:		
Payments for prior years' claims	13,867	13,010
Balance, end of year	<u><u>\$ 171,226</u></u>	<u><u>\$ 160,659</u></u>

(a) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Board has an objective to control insurance risk, thus reducing the volatility of operating results. In addition, due to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, operating results from the Fund's workers' compensation business are affected by market factors, particularly movements in asset values. Short-term variability is, to some extent, a feature of the workers' compensation business.

Key aspects of processes established to mitigate insurance risks include:

- The maintenance and use of management information systems, which provide data on the risks to which the Fund is exposed to at any point in time;
- Actuarial models, using information from the management information system, are used to monitor claims patterns and calculate assessment premiums. Past experience and statistical methods are used as part of the process; and
- The asset mix of the Fund investments is driven by the nature and term of insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match maturity dates of assets with the expected pattern of claim payments.

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(b) Terms and conditions of the Act

The terms and conditions attaching to the Act affect the level of insurance risk accepted by the Fund. All workers' compensation coverage entered into is subject to substantially the same terms and conditions under the Act.

(c) Concentration of insurance risk

The Fund's exposure to insurance risk is due to workplace injury caused through an event or disaster that occurred during the reporting period, and/or occupational diseases diagnosed during the reporting period. The Fund's benefits liability includes an amount estimated to cover any such occurrences. This figure is reviewed on an annual basis. The Fund's risk is concentrated by industry as some industries have higher claims experience costs than other industries and is mitigated by higher assessments being charged to industries with proven higher experience costs.

(d) Development of claims

There is a possibility that changes may occur in the estimate of the Fund's obligations over time. The tables in part (i) of this note show the estimates of total net and gross claims outstanding for each underwriting year at successive year ends.

(e) Interest rate risk

The Fund is exposed to the risk that interest rate movements may materially impact the value of the benefits liability. The financial impact of changing interest rates on the benefits liability is expected to be offset in the longer term by similar changes in claims inflation.

The discount rate being applied to future claims payments in determining the valuation of the benefits liability is disclosed in part (g) of this note.

The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets is set out in note 5.

(f) Liquidity risk

The Fund's exposure to liquidity risk is set out in note 5.

The following table estimates the expected amounts and timing of future benefit payments for the provision of outstanding claims. The expected timing of payments from the provision for outstanding claims involves considerable uncertainty. The projections presented below do not include a provision for future administration expenses or latent occupational diseases.

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Expected timing of future payments for outstanding claims:

	<u>2020</u>	<u>2019</u>
Up to 1 year	5%	5%
Over 1 year and up to 5 years	15%	15%
Over 5 years and up to 10 years	18%	19%
Over 10 years	62%	61%
Total	<u>100%</u>	<u>100%</u>

(g) Actuarial assumptions and methods

The key actuarial assumptions used to value the benefits liability are as follows:

	<u>31-Dec-20</u>	<u>31-Dec-19</u>
Discount rate for medical aid benefits - net ^(1,3,4)	0.40%	0.70%
Discount rate for compensation benefits - net ^(2,3,4)	2.90%	3.15%
Discount rate for survivor and other pension benefits - net ^(2,4)	2.90%	3.15%

(1) Net of discount rate attributable to inflation of 4.75% (2019 – 4.75%).

(2) Net of discount rate attributable to inflation of 2.25% (2019 – 2.25%).

(3) The same discount rates are attributable to the applicable components of the occupational disease provision.

(4) The gross discount rate is 5.15% (2019 – 5.50%).

The benefits liability was determined using accepted actuarial practice in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's and the actuary's best estimates of long-term economic and actuarial assumptions.

The overall valuation approach is designed to reflect emerging trends without placing too much emphasis on temporary fluctuations. The factors used in the valuation have been developed on a best-estimate basis, without margins for adverse deviations, by taking the Board's historical experience into consideration along with recent trends in that experience. The general philosophy is to avoid reacting too strongly to temporary fluctuations until there is sufficient evidence that a change in assumption is required. By waiting until a clear trend has emerged, this reduces the likelihood of larger liability adjustments than warranted, both positive and negative, and unstable financial results.

The degree to which the valuation reflects trends is partly impacted by formulas intended to place the appropriate amount of weight on observed experience for each recent year and partly affected by professional judgement based on observation of payment and claiming trends, including discussions with the Board's staff about the underlying factors that might be causing an observed trend.

The Medical Aid liability represents the present value of expected future benefit payments for medical services in respect of all claims arising from injuries that occurred on or before December 31, 2020. Medical services include hospital and physician services, prescription drugs, travel expenses and other eligible medical services under the Act.

The Short Term Compensation liability represents the present value of expected future short-term loss of earnings payments in the first seven years of a claim for injuries that occurred on or before December 31, 2020.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

The Short Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

The Medical Aid and Short Term Compensation liabilities are calculated using the loss development method also known as the “claims run-off” approach. In this method, historical paid claims data are summarized by injury year and payment year in order to observe the relationships between payments at different durations for each injury year. Historical factors, at each duration, are developed from prior injury years and are applied to injury years that are not yet fully mature in order to estimate the future timing and amount of remaining benefit payments. A provision with respect to the 10 per cent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Short Term Compensation liability.

The Long Term Compensation liability represents the present value of expected future long-term loss of earnings payments for injury years 2014 and prior, including future inflationary adjustments, for individuals still in receipt of a long-term loss of earnings award at December 31, 2020. The Long Term Compensation liability is calculated on a seriatim, or individual basis using the discounted cash flow method. Loss of earnings benefits are indexed annually in the month following the anniversary of the date of when the injured worker’s loss of earnings began. Mortality rates are used to determine the future life expectancy of individuals in receipt of a long-term loss of earnings award. A provision with respect to the 10 per cent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Long Term Compensation liability. The Long Term Compensation is included in the Compensation liability for financial reporting purposes.

The Pension liability represents the present value of expected future pension payments, including future inflationary adjustments, to individuals who have been approved for a pension or survivor award at December 31, 2020. The Pension liability is calculated on a seriatim basis using the discounted cash flow method. Pension benefits are indexed annually on January 1st of each year. Mortality rates are used to determine the future life expectancy of individuals in receipt of a pension award.

The Future Long Term Compensation liability represents the present value of future long-term loss of earnings awards that have not yet reached long-term status as of December 31, 2020. These future awards are in respect of all claims arising from injuries which occurred on or before December 31, 2020. The estimated number and timing of these future awards has been developed based on the historical emergence of claims. In addition, the expected cost of each claim has been developed based on actual long-term awards approved prior to December 31, 2020. A provision with respect to the 10 per cent annuity contribution required on future loss of earnings benefits paid beyond 24 months following injury is included in the Future Long Term Compensation liability. The Future Long Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

The Occupational Disease provision represents a portion of the present value of the expected future cost of claims that have not yet been filed but are expected to manifest themselves in the future as a result of cumulative exposure to a causative agent in the workplace (i.e. long latency cases). Only a portion of the total provision is held based on the accumulated exposure up to the valuation date relative to total exposure before an occupational disease manifests itself. Occupational diseases differ from occupational injuries in that there can be a considerable time lag between the exposure, the manifestation of the disease and the identification of the ensuing disability as a workers’ compensation claim. Furthermore, while the circumstances of an injury usually make it clear whether it is work-related or not, the link between an occupational disease and the workplace may be difficult to establish.

The discount rate is used to calculate the present value of expected future payments.

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The administration rate represents the present value of the expected future costs required to provide administrative services for the continuation of claims management and maintenance of existing claims. The administration rate applied at December 31, 2020 is 15% (15% for December 31, 2019), and is applied to all liability components with the exception of the Annuity liability.

As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments.

The significant changes in the benefits liability for experience gains or losses as at December 31 were:

	Increase (decrease) in benefits liability	
	2020	2019
	(\$000s)	(\$000s)
Change in runoff factors	\$ (616)	\$ (880)
Update of first year inflation	(607)	(210)
Other changes in actuarial assumptions	4,854	3,321
	<u>\$ 3,631</u>	<u>\$ 2,231</u>
Favourable claims experience during year	-	(3,275)
	<u>\$ 3,631</u>	<u>\$ (1,044)</u>
Actual versus expected claims paid on prior years' injuries	1,123	396
	<u>\$ 4,754</u>	<u>\$ (648)</u>

(h) Liability sensitivity

The most significant assumption in the determination of the benefits liability is the net discount rate. The net discount rate is the assumed rate of return in excess of the assumed inflation rate. A reduction in the net discount rate would increase the actuarial present value of the benefits liability resulting in an increase in claims expense and benefits liability. An increase in the discount rate would decrease the actuarial present value, resulting in a decrease in claims expense and benefits liability.

Medical benefits represent approximately 16% (2019 – 19%) of the benefits liability. A change in the assumed excess medical inflation rate (above the assumed inflation rate) and the net discount rate would result in a change in claims expense and the benefits liability as follows:

	31-Dec-20		31-Dec-19	
	(\$000s)		(\$000s)	
Percentage change in assumed rates	+1%	-1%	+1%	-1%
Increase (decrease) in claims expense and benefits liability from change in net discount rate	\$ (14,289)	\$ 16,927	\$ (13,269)	\$ 14,874
Increase (decrease) in claims expense and benefits liability from change in excess medical inflation rate	4,139	(2,617)	3,512	(2,970)

Compensation Fund

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(i) Claims Development

The following table shows the development of claims cost estimates for the nine most recent injury years:

Estimate of Ultimate Claim Payments	2011 (\$000s)	2012 (\$000s)	2013 (\$000s)	2014 (\$000s)	2015 (\$000s)	2016 (\$000s)	2017 (\$000s)	2018 (\$000s)	2019 (\$000s)	2020 (\$000s)	Total (\$000s)
At end of accident year	26,540	29,113	23,197	24,833	24,832	19,145	18,850	21,312	25,648	21,869	
One year later	24,120	27,896	22,897	22,451	24,817	19,718	25,279	21,516	23,627		
Two years later	23,834	27,142	19,998	22,801	24,527	21,290	25,821	26,454			
Three years later	22,658	24,189	19,812	22,951	24,073	19,251	21,396				
Four years later	19,049	23,117	19,566	23,825	27,446	25,446					
Five years later	17,984	22,886	20,473	21,971	16,992						
Six years later	15,337	24,504	16,854	32,213							
Seven years later	15,669	22,354	15,850								
Eight years later	15,934	19,315									
Nine years later	19,105										
Cumulative Payments											
At end of accident year	3,721	4,433	3,438	3,757	3,801	3,879	4,129	4,094	3,821	3,319	
One year later	5,618	7,404	5,113	6,590	6,081	6,673	6,654	6,662	6,323		
Two years later	6,222	8,277	5,910	7,890	6,773	7,856	7,717	7,959			
Three years later	6,648	8,999	6,394	9,018	7,225	8,478	8,332				
Four years later	6,910	9,540	6,719	9,870	7,590	9,340					
Five years later	7,211	10,073	6,840	10,623	7,899						
Six years later	7,450	10,359	7,055	11,173							
Seven years later	7,721	10,685	7,246								
Eight years later	7,988	10,962									
Nine years later	8,263										
Estimate of Future Payments	10,841	8,352	8,605	21,040	9,093	16,106	13,064	18,495	17,304	18,551	141,450
2010 and prior claims											105,949
Effect of Discounting											(111,783)
Effect of Admin Expenses											17,950
Occupational Disease											<u>17,660</u>
Balance Sheet Liability											171,226

During the year ended December 31, 2020, the Investigations Unit continued to monitor ongoing investigations. The outcome of the investigations is not determinable at this time and therefore, the potential future effect of these claims is not reflected in the benefits liability.

Compensation Fund

Notes to the Financial Statements / December 31, 2020

(In Canadian Dollars)

13. Employee Benefits

	31-Dec-20 (\$000s)	31-Dec-19 (\$000s)
Short-term employee benefits	\$ 725	\$ 583
Other long-term employee benefits (a)	1,221	1,081
Post-employment benefits (b)	2,010	1,743
	<u>\$ 3,956</u>	<u>\$ 3,407</u>

Short-term benefits included in the above amounts are expected to be paid within the next 12 months.

(a) Other Long-term Employee Benefits

Long service vacation leave is an additional five days of vacation leave available to employees who have completed five years of continuous service with the Board and on each five year anniversary date thereafter.

Employees receive six days of special leave credits for each year of service up to a maximum of 30 days. Unused special leave is not payable upon termination or retirement.

Unused sick leave credits accumulate and are carried forward to a maximum of 180 days. A retiring employee may convert up to one third as pre-retirement leave.

The balance in the liability accrual for accumulating sick and special leave benefits and long service vacation for the year was:

	31-Dec-20 (\$000s)	31-Dec-19 (\$000s)
Long service vacation benefits	\$ 62	\$ 50
Accumulating sick and special leave benefits	1,159	1,031
Total	<u>\$ 1,221</u>	<u>\$ 1,081</u>

Compensation Fund

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The movement in the accrual for other long-term benefits for the year was:

	2020 (\$000s)	2019 (\$000s)
Benefits, beginning of the year	\$ 1,081	\$ 992
Current service cost	85	76
Payments made during the year	(72)	(135)
Interest cost	29	33
Other changes	31	60
Actuarial loss	67	55
Benefits, end of the year	<u>\$ 1,221</u>	<u>\$ 1,081</u>

Actuarial loss remeasurements:

	2020 (\$000s)	2019 (\$000s)
Effect of changes in financial assumptions	\$ 67	\$ 33
Effect of changes in demographic assumptions	-	22
Remeasurements loss in profit or loss	<u>\$ 67</u>	<u>\$ 55</u>

(b) Post-employment Benefits**(i) Retirement and Severance Benefit**

Retirement or severance benefits are available to employees who have completed five years of service with the Board. Retirement benefits are one week of pay for each year of service. Severance benefits are half a week of pay for each year of service to a maximum of twenty-eight weeks.

Beginning January 1, 2020, management employees are no longer eligible to receive any further accruals related to severance payable on resignation or retirement. Severance entitlements accrued up to December 31, 2019, are payable upon resignation or retirement.

The movement in the accrual for retirement and severance benefits for the year was:

	2020 (\$000s)	2019 (\$000s)
Benefits, beginning of the year	\$ 1,743	\$ 1,571
Current service cost	93	105
Payments made during the year	-	(55)
Interest cost	51	58
Other changes	6	73
Actuarial (gain) loss	117	(9)
Benefits, end of the year	<u>\$ 2,010</u>	<u>\$ 1,743</u>

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Actuarial (gain) loss remeasurements:

	2020	2019
	(\$000s)	(\$000s)
Effect of changes in financial assumptions	\$ 117	\$ 64
Effect of changes in demographic assumptions	-	(27)
Effect of changes in the management benefits plan	-	(46)
Remeasurements (gain) loss in other comprehensive income	<u>\$ 117</u>	<u>\$ (9)</u>

The plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The risk of default is low as the Fund is in a strong financial position.

The key assumptions used to calculate the retirement and severance benefit are the discount rate and the wage inflation rate. The discount rate of 1.90% (2019 – 2.80%) is selected by reference to a spot curve at the valuation date of high-quality corporate and provincial debt instruments with cash flows that match the timing and amount of the expected benefit payments. The annual rate of general escalation in wages is 1.75% for 2021 based on negotiated wage increases and 2.0% for 2022 and beyond (2019 – 1.75 for 2020 and 2021 and 2.0% for 2022 onwards) based on management's best estimate.

The expected Fund contributions for retirement and severance for the next year are \$437,000 (2019 – \$281,000). The weighted average duration of the retirement and severance benefit is 7.0 years (2019 – 6.5 years).

(ii) Retirement and Severance Benefit Risks and Sensitivity

The retirement and severance benefit is indirectly exposed to measurement risk from assumptions based on economic factors and uncertainty of future economic conditions, such as discount rates affected by volatile bond markets and inflation risk due to payment timing uncertainty. Demographic factors such as workforce average age and earnings levels, attrition and retirement rates affect current and future benefit costs due to the amount and timing of expected payments.

A change in the key assumptions used to calculate these benefits would result in a change in the obligation and benefit expense as follows:

	31-Dec-20		31-Dec-19	
	(\$000s)		(\$000s)	
Percentage change in assumed rates	+1%	-1%	+1%	-1%
Discount rate	\$ (130)	\$ 147	\$ (117)	\$ 132
Wage Inflation rate	\$ 145	\$ (131)	\$ 132	\$ (119)

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The above sensitivity analysis is based on a change in an assumption while keeping all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. The same method of calculation has been applied to the sensitivity analysis as to the calculation of the retirement and severance benefit obligation, the projected unit credit method, and did not change compared to the prior year.

(iii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both employees and the Fund. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution.

The employer contribution rates effective for the year were as follows:

Contribution rate for the year	2020		2019	
	Up to Maximum	Above Maximum	Up to Maximum	Above Maximum
For employees eligible before January 1, 2013	1.01	3.80	1.01	3.79
For employees eligible after January 1, 2013	1.00	3.80	1.00	3.79
Maximum salary limit	\$ 173,000	No limit	\$ 169,300	No limit

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two per cent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. For employees joining the plan after January 1, 2013, the normal retirement age has been raised from age 60 to age 65.

Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	2020 (\$000s)	2019 (\$000s)
Employees' contributions	\$ 791	\$ 741
Fund contributions	\$ 800	\$ 747

The expected contributions to the Plan for the next year are \$764,000 (2020 – \$723,000) employee contributions and \$785,000 (2020 – \$741,000) Fund contributions.

(c) Benefit Expense

Benefit expense recognized in salaries and benefits within administration expenses in the Statement of Operations and Comprehensive Income for other long-term employee benefits and post-employment benefits was \$1,162,000 in 2020 (2019 - \$1,207,000).

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14. Capital Management, Surplus Distributions and Reserves

(a) Capital Management

The *Workers' Compensation Act* establishes that one of the purposes of the Act is to maintain a solvent Compensation Fund managed in the interest of workers and employers. To ensure that the Fund is able to meet its financial obligations, premiums charged to employers over time must be sufficient to cover current and future costs of all claims incurred by injured workers. These assessment revenues, combined with investment returns from the Fund's assets, are designed to provide the foundation for the Fund to meet all current and future obligations for injured workers.

The Board of Directors considers that capital is the net difference between assets and liabilities. There have been no changes in the objectives and definition of capital from the previous period. The Fund does not have any external capital requirements. The reserves are established to protect the fully funded position of the Fund and to stabilize the effect of fluctuations in the employer assessment rates and investment returns. At the end of the fiscal year, once the benefits liability is determined, the net difference between the Fund's assets and liabilities is allocated to reserves.

The Board of Directors uses the Funding Ratio (Assets/Liabilities) to manage capital. At December 31, 2020, the Funding Ratio was 132% (2019 – 141%). Management's funding target ratio is between 121% and 129%, which ensures that the Fund remains fully funded plus sustains the Adverse Events and Stabilization Reserves' target funding levels. The Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, and other liabilities, including the cost of administration.

(b) Surplus Distributions

In 2020, in order to bring the funding ratio closer to target, the Board of Directors approved a surplus distribution of \$10,220,000 to be paid in 2021 to eligible employers. (2019 - \$ nil)

Reconciliation of funding policy surplus distributions:

	31-Dec-20	31-Dec-19
	(\$000s)	(\$000s)
Current year surplus distributions approved	10,220	-
Prior year surplus distribution adjustments	-	(18)
Funding policy surplus distributions (recoveries)	<u>\$ 10,220</u>	<u>\$ (18)</u>

In 2020, an amount of \$ nil (2019 - \$18,000) was recovered relating to previously approved surplus distributions. Distributions paid are conditional upon employers being compliant with the *Workers' Compensation Act* and *Occupational Health and Safety Act*.

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Reconciliation of surplus distributions payable:

	31-Dec-20	31-Dec-19
	(\$000s)	(\$000s)
Surplus distributions payable, beginning of year	\$ -	\$ 64
Amounts paid for prior year surplus distributions	-	(46)
Prior year surplus distribution adjustments	-	(18)
Current year surplus distributions approved	10,220	-
Surplus distributions payable, end of year	<u>\$ 10,220</u>	<u>\$ -</u>

(c) Reserves

Under the current Funding Policy, two reserves are established as follows:

(i) Stabilization Reserve

The Stabilization Reserve is to protect the fully funded position of the Fund and to stabilize the effect of fluctuations on employer assessment rates. The target level for this reserve is equal to 10 per cent of the benefits liability. In 2020 the benefits liability was \$171,226,000 (2019 – \$160,659,000). The target was \$17,123,000 as at December 31, 2020 (2019 – \$16,066,000). The operating range for this reserve is determined as the target-level balance plus or minus three and a half per cent of the benefits liability. At December 31, 2020, the Stabilization Reserve has a balance of \$34,084,000 (2019 – \$43,596,000).

This reserve is considered to have a surplus when its balance exceeds the top of the operating range and a deficit if the reserve balance is below its target level. The funding policy requires that any deficiency or surplus at the end of a fiscal year be amortized over a period not exceeding 10 years from the year in which the deficiency or surplus arose.

A rebate in 2020 was included in the assessment rates as required by the Funding Policy based on the 2019 funded position.

(ii) Adverse Events Reserve

The Adverse Events Reserve is to provide funding for infrequent, unexpected adverse claims experience and catastrophic events to protect employers from the sudden impact of the costs of these types of events. The target level for this reserve is \$26,198,000 (2019 – \$24,980,000), which has been set at 100 times the maximum wage rate plus 10 per cent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. Costs related to catastrophic and adverse events and latent occupational diseases are charged to this reserve, resulting in a charge of nil for 2020 (2019 – nil). This reserve is limited to its target level. Funds in excess of the target level are transferred to the Stabilization Reserve, with nil funds transferred in 2020 (2019 – nil). At December 31, 2020, the Adverse Events Reserve has a balance of \$26,198,000 (2019 – \$24,980,000).

Transfers cannot be made from this reserve to any other temporary fund or reserve if the transfer will reduce this reserve below its target level.

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15. Related Party Transactions

(a) Government of Yukon

The Board is a territorial entity with delegated powers on behalf of the Government of Yukon (the “Government”), and is related to all Government departments, agencies and Government corporations.

During 2020, the Compensation Fund paid the Government \$225,000 (2019 – \$254,000) for computer, office supplies, payroll processing, and recruitment services. The Fund also reimbursed the Government for payroll costs of \$10,584,000 (2019 – \$9,989,000).

Reimbursements for claims costs received from the Government were \$348,000 in 2020 (2019 – \$303,000) (note 4(b)).

The Board enters into transactions with the Government and entities related to the Government in the normal course of business and the transactions are recorded at fair value.

Revenues and recoveries from the Government for the year ended December 31, 2020, totalled \$8,318,000 (2019 – \$7,250,000), including the Mine Safety Program Grant (note 11).

In 2020, the Board accrued \$2,485,000 (2019 – \$ nil) in surplus distributions to the Government to be paid in early 2021.

Included in the Fund’s accounts receivable and accounts payable as of December 31, 2020 are amounts owing to and from the Government as follows:

	31-Dec-20	31-Dec-19
	(\$000s)	(\$000s)
Due to the Government of Yukon	\$ (1,354)	\$ (1,274)
Due from the Government of Yukon	674	698
Net amount due	\$ (680)	\$ (576)

The Workers' Advocate Office operates independently from the Board and assists workers or dependants of workers in respect of claims for compensation. The approved budget of the Workers' Advocate shall be paid out of the Compensation Fund. In 2020, the Fund reimbursed the Government \$348,000 (2019 – \$409,000) for the Workers' Advocate Office expenses.

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(b) Key Management Personnel

The remuneration of key management personnel, which includes the members of the Board of Directors and the senior management team, recognized as an expense during the period was:

	2020	2019
	(\$000s)	(\$000s)
Short-term employee compensation and benefits	\$ 1,262	\$ 1,253
Other long-term employee benefits	29	20
Post employment benefits	199	186
Total remuneration	<u>\$ 1,490</u>	<u>\$ 1,459</u>

Contributions made to the Public Service Pension Plan by the Fund for key management personnel was \$139,000 (2019 – \$134,000) and are included in post-employment benefits.

As at reporting date, there were no business relationships, outstanding amounts or transactions other than compensation, between the Fund and its key management personnel.

16. Commitments

As of December 31, 2020, the Fund had entered into the following contractual commitments for the next five years:

	Contribution agreements	Computer systems support	Professional services	Building maintenance	Other	Total
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
2021	\$ 756	\$ 45	\$ 502	\$ 40	\$ 69	\$ 1,412
2022	593	45	318	-	-	956
2023	-	45	160	-	-	205
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
	<u>\$ 1,349</u>	<u>\$ 135</u>	<u>\$ 980</u>	<u>\$ 40</u>	<u>\$ 69</u>	<u>\$ 2,573</u>

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17. Administration Expenses

	2020	2019
	(\$000s)	(\$000s)
Salaries and benefits	\$ 10,491	\$ 9,741
Consulting and professional	1,683	1,890
Amortization - intangible assets	779	704
Computer systems	699	543
General administration	611	429
Depreciation - property and equipment	495	482
Statutory funding obligations	463	552
Buildings	398	419
Communications	239	235
Staffing and recruitment	116	166
Board expenses	99	82
Automobile and travel	83	222
Supplies and stationery	55	46
Printing and publications	40	71
System development analysis expense	18	14
Furniture and equipment	8	17
	<u>\$ 16,277</u>	<u>\$ 15,613</u>
Less: claims administration expense transferred to claims expenses (note 12)	<u>(2,321)</u>	<u>(2,243)</u>
	<u>\$ 13,956</u>	<u>\$ 13,370</u>

18. Contingencies

Due to the nature of the Board's operations, various legal matters are pending. In the opinion of management, these matters will not have a material effect on the Fund's financial position or results of operations.